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THE AUSTRIAN ECONOMISTS.

THE Editors of this magazine have requested from my pen an account of the work of that group of economists which is popularly called the Austrian School. Since I am myself a member of the group, possibly I shall prove to be no impartial expositor. I will, nevertheless, comply with the request as well as I can, and I will attempt to describe what we Austrians are actually doing and seeking to do.

The province of the Austrian economists is *theory* in the strict sense of the word. They are of the opinion that the theoretical part of political economy needs to be thoroughly transformed. The most important and most famous doctrines of the classical economists are either no longer tenable at all, or are tenable only after essential alterations and additions. In the conviction of the inadequacy of the classical political economy, the Austrian economists and

the adherents of the historical school agree. But in regard to the final cause of the inadequacy, there is a fundamental difference of opinion which has led to a lively contention over methods.

The historical school believes the ultimate source of the errors of the classical economy to be the false method by which it was pursued. It was almost entirely abstract-deductive, and, in their opinion, political economy should be only, or at least chiefly, inductive. In order to accomplish the necessary reform of the science, we must change the method of investigation; we must abandon abstraction and set ourselves to collecting empirical material—devote ourselves to history and statistics.

The Austrians, on the contrary, are of the opinion that the errors of the classical economists were only, so to speak, the ordinary diseases of the childhood of the science. Political economy is even yet one of the youngest sciences, and it was still younger in the time of the classical economy, which, in spite of its name "classical," given, as the event proved, too soon, was only an incipient, embryonic science. It has never happened in any other case that the whole of a science was discovered, at the first attempt, even by the greatest genius; and so it is not surprising that the whole of political economy was not discovered, even by the classical school. Their greatest fault was that they were forerunners; our greatest advantage is that we come after. We who are richer by the fruits of a century's research than were our predecessors, need not work by different methods, but simply work better than they. The historical school are certainly right in holding that our theories should be supported by as abundant empirical material as possible; but they are wrong in giving to the work of collection an abnormal preference, and in wishing either entirely to dispense with, or at least to push into the background, the use of abstract generalization. Without such generalization there can be no science at all.

Numerous works of the Austrian economists are devoted to this strife over methods;<sup>1</sup> among them the *Untersuchungen über die Methode der Sozialwissenschaften*, by C. Menger, stands first in deep and exhaustive treatment of the problems involved. It should be noticed in this connection that the "exact," or, as I prefer to call it, the "isolating" method recommended by Menger, together with the "empirico-realistic" method, is by no means purely speculative or unempirical, but, on the contrary, seeks and always finds its foundation in experience. But although the strife of methods, perhaps more than anything else, has drawn attention to the Austrian economists, I prefer to regard it as an unimportant episode of their activity. The matter of importance to them was, and is, the reform of positive theory. It is only because they found themselves disturbed in their peaceful and fruitful labors by the attacks of the historical school, that they, like the farmer on the frontier who holds the plow with one hand and the sword with the other, have been constrained, almost against their will, to spend part of their time and strength in defensive polemics and in the solution of the problems of method forced upon them.

What, now, are the peculiar features which the Austrian school presents in the domain of positive theory?

Their researches take their direction from the theory of value, the corner-stone being the well-known theory of final utility. This theory can be condensed into three unusually simple propositions. The value of goods is

<sup>1</sup> Menger, *Untersuchungen über die Methode der Sozialwissenschaften*, 1883; *Die Irrthümer des Historismus in der deutschen Nationalökonomie*, 1884; *Grundzüge einer Classification der Wirtschaftswissenschaften*, in Conrad's *Jahrbuch für Nationalökonomie und Statistik*, N. F., vol. xix., 1889; Sax, *Das Wesen und die Aufgabe der Nationalökonomie*, 1884; Philippovich, *Ueber Aufgabe und Methode der politischen Oekonomie*, 1886; Böhm-Bawerk, *Grundzüge der Theorie des wirtschaftlichen Güterwerths*, in Conrad's *Jahrbuch*, N. F., vol. xiii., 1886, pp. 480, *et seq.*; review of Brentano's *Classische Nationalökonomie* in the *Göttinger Gelehrten Anzeigen*, 1-6, 1889; review of Schmoller's *Litteraturgeschichte* in Conrad's *Jahrbuch*, N. F., vol. xx., 1890, translated in *ANNALS OF THE AMERICAN ACADEMY*, vol. i., No. 2, October, 1890.

measured by the importance of the want whose satisfaction is dependent upon the possession of the goods. Which satisfaction is the dependent one can be determined very simply and infallibly by considering which want would be unsatisfied if the goods whose value is to be determined were not in possession. And again, it is evident that the dependent satisfaction is not that satisfaction for the purpose of which the goods are actually used, but it is the least important of all the satisfactions which the total possessions of the individual can procure. Why? Because, according to very simple and unquestionably established prudential considerations of practical life, we are always careful to shift to the least sensitive point an injury to well-being which comes through loss of property. If we lose property that has been devoted to the satisfaction of a more important want, we do not sacrifice the satisfaction of this want, but simply withdraw other property which had been devoted to a less important satisfaction and put it in place of that which was lost. The loss thus falls upon the lesser utility, or—since we naturally give up the least important of all our satisfactions—upon the “final utility.” Suppose a peasant have three sacks of corn: the first, *a*, for his support; the second, *b*, for seed; the third, *c*, for fattening poultry. Suppose sack *a* be destroyed by fire. Will the peasant on that account starve? Certainly not. Or will he leave his field unsown? Certainly not. He will simply shift the loss to the least sensitive point. He will bake his bread from sack *c*, and consequently fatten no poultry. What is, therefore, really dependent upon the burning or not burning of sack *a* is only the use of the least important unit which may be substituted for it, or, as we call it, the final utility.

As is well known, the fundamental principle of this theory of the Austrian school is shared by certain other economists. A German economist, Gossen, had enunciated it in a book of his which appeared in 1854, but at that time



it attracted not the slightest attention.<sup>1</sup> Somewhat later the same principle was almost simultaneously discovered in three different countries, by three economists who knew nothing of one another and nothing of Gossen—by the Englishman W. S. Jevons,<sup>2</sup> by C. Menger, the founder of the Austrian school,<sup>3</sup> and by the Swiss Walras.<sup>4</sup> Professor J. B. Clark, too, an American investigator, came very near the same idea.<sup>5</sup> But the direction in which I believe the Austrians have outstripped their rivals, is the use they have made of the fundamental idea in the subsequent construction of economic theory. The idea of final utility is to the expert the open sesame, as it were, by which he unlocks the most complicated phenomena of economic life and solves the hardest problems of the science. In this art of explication lies, as it seems to me, the peculiar strength and the characteristic significance of the Austrian school.

And here everything turns upon one point: we need only take the trouble to discern the universal validity of the law of final utility throughout the manifold complications in which it is involved in the highly developed and varied economy of modern nations. This will cost us at the outset some trouble, but the effort will be well rewarded. For in the process we shall come upon all the important theoretical questions in their order, and, what is the chief point, we shall approach them from the side from which they appear in their most natural form, and from which we can most easily find a solution for them. I will attempt to make this plain for a few of the most important cases, at least so far as it is possible to do so without entering into details of theory.

The law of final utility rests, as we have seen, upon a

<sup>1</sup> *Entwicklung der Gesetze des menschlichen Verkehrs.*

<sup>2</sup> *Theory of Political Economy*, 1871, 2d ed., 1879.

<sup>3</sup> *Grundsätze der Volkswirtschaftslehre*, 1871.

<sup>4</sup> *Éléments d'économie politique pure*, 1874.

<sup>5</sup> "Philosophy of Value," in the *New Englander*, July, 1881. Professor Clark was not then familiar, as he tells me, with the works of Jevons and Menger.

peculiar substitution of goods, due to sound prudential considerations. Those goods which can most easily be dispensed with must always stand ready to fill the breach which may at any time be made at a more important point. In the case of our peasant with the sacks of corn, the cause and the consequence of the substitution are very easy to understand. But in highly developed economic relations, important complications take place, since the substitution of goods will extend in various directions beyond the supply of goods of the same species.

The first complication is that due to exchange. If the only winter coat I possess be stolen, I shall certainly not go shivering and endanger my health, but I shall simply buy another winter coat with twenty dollars which I should otherwise have spent for something else. Of course, then, I can buy only twenty dollars' worth less of other goods, and, of course, I shall make the retrenchment in goods which I think I can most easily dispense with; *i. e.*, whose utility, as in the foregoing example, is the least; in a word, I shall dispense with the final utility. The real thing, therefore, which is dependent upon whether or not I lose my winter coat is the satisfactions that are most easily dispensed with, the satisfactions which, in the given condition of my property and income I could have procured with twenty dollars more; and it is upon those other satisfactions, which may be very different in nature, that, through the workings of substitution by exchange, the loss, and with it the final utility dependent on it, is shifted.<sup>1</sup>

If we carefully follow out this complication we shall come upon one of the most important of theoretical problems: *viz.*, upon the relation between the market price of given goods, and the subjective estimate which individuals set upon those goods according to their very

<sup>1</sup> Böhm-Bawerk, *Grundzüge*, pp. 38 and 49; Wieser, *Der natürliche Werth*, 1889, pp. 46 *et seq.*

various wants and inclinations on the one hand and their property and income on the other. I will merely remark in passing that the complete solution of this problem requires very subtle investigation, which was first undertaken by the Austrian economists, and I will proceed to show the results which they have obtained. According to their conclusions, the price or "objective value" of goods is a sort of resultant of the different subjective estimates of the goods which the buyers and sellers make in accordance with the law of final utility; and, indeed, the price coincides very nearly with the estimate of the "last buyer." It is well known that Jevons and Walras arrived at a similar law of price. Their statement, however, has considerable deficiencies, which were first supplied by the Austrians. It was the latter who first found the right way of escape from the *circulus vitiosus* in which the older theory of price as dependent upon supply and demand was involved. Since it was undeniable that, on the one hand, the price which can be asked in the market is influenced by the estimate which the buyer sets upon the goods, but, on the other hand, it is just as undeniable that in many cases the buyer's estimate is influenced by the state of the market (as, for instance, the final utility of my winter coat is materially less when I can replace it in the market for ten dollars than when it costs me twenty dollars); the theorists who found a more exact psychological explanation necessary for the law of supply and demand in general,<sup>1</sup> have usually allowed themselves to be beguiled into reasoning in a circle. They more or less openly explained the price by the estimate of the individual, and, *vice versâ*, the estimate of the individual by the price. Of course, such a solution is not one upon which a science that wishes to deserve the name of a science can rest. An attempt to get to the bottom of the matter was first made by the Austrian

<sup>1</sup> As, for example, in Germany, the highest authority on the theory of price, Hermann; cf. Böhm-Bawerk, *Grundzüge*, pp. 516, 527.

economists by means of the subtle investigation of which I have spoken above.<sup>1</sup>

A second interesting and difficult complication of the substitution of goods is due to *production*: viz., given a sufficient time, the goods whose substitution is under consideration could be replaced by production. As in the former case the goods were replaced by the use of money, so in this case they can be replaced directly by the conversion of materials of production. But, of course, there will be less of these materials of production left for other purposes, and just as surely as before the necessary diminution of production will be shifted to that class of goods which can be most easily dispensed with, which is considered least valuable.

Take Wieser's example:<sup>2</sup> If a nation finds weapons necessary to the defence of its honor or its existence, it will produce them from the same iron which would otherwise have been used for other necessary, but more or less dispensable utensils. What, therefore, happens to the people through the necessity of procuring weapons is that they can have only somewhat less of the most dispensable utensils which they would have made of the iron; in other words, the loss falls upon the least utility, or the final utility, which could have been derived from the materials of production necessary to the manufacture of the weapons.

From this point, again, the way leads to one of the most important theoretical principles, which under a certain form has long been familiar. This principle is that the value of

<sup>1</sup> Austrian literature on the subject of price: Menger, *Grundsätze der Volkswirtschaftslehre*, p. 142 *et seq.*; Böhm-Bawerk, *Grundzüge der Theorie des wirtschaftlichen Güterwerths*, Part II., Conrad's *Jahrbuch*, N. F., vol. xiii. p. 477 *et seq.*, and on the point touched upon in the text, especially, p. 516; Wieser, *Der natürliche Werth*, pp. 37 *et seq.*; Sax, *Grundlegung der theoretischen Staatswirtschaft*, 1887, pp. 276 *et seq.*; Zuckerkandl, *Zur Theorie des Preises*, 1889. I will not lose this opportunity to refer to the excellent account given by Dr. James Bonar, some years ago, of the Austrian economists and their view of value in the *Quarterly Journal of Economics*, Oct. 1888.

<sup>2</sup> *Der natürliche Werth*, p. 170.

those goods which can be reproduced at will without hindrance shows a tendency to coincide with the cost of production. This principle comes to light as a special case of the law of final utility, occurring under given actual conditions. The "cost of production" is nothing else than the sum of all the materials of production by means of which the goods or a substitute for the same can be reproduced. Since, then, as above pointed out, the value of the goods is determined by the final utility of their substitute, it follows that so far as that substitution can be made *ad libitum*, the value of the product must coincide with the final utility and value of the materials of production, or, as is usually said, with the cost of production.

As to the final cause of this coincidence the Austrians have a theory quite different from the older one. The older theory explained the relation between cost and value to be such that the cost was the cause and final cause, while the value of the product was the effect; it supposed the scientific problem of explaining the value of goods to be satisfactorily solved when it had appealed to cost as the "ultimate regulator of value." The Austrians, on the contrary, believe that herein only half, and by far the easier half, of the explanation is to be found. The cost is identical with the value of the materials of production necessary to the manufacture of the goods. Cost rises when and because the materials of production (fuel, machinery, rent, labor) rise; it falls when and because the value of the materials declines. Hence, it is evident that the value of materials of production must first be explained. And the interesting point is that when the explanation is carefully carried out it leads us to see that the value of the completed product is the cause. For without doubt we place a high estimate upon materials of production only when and because they are capable of furnishing valuable products. The relation of cause and effect is, therefore, exactly the reverse of what the older theory stated. The older theory explained the value of the product as the

effect, and the cost—that is, the value of the materials of production—as the cause, and thought no further explanation necessary. The Austrian economists found: 1st, that the value of the materials of production needs, first of all, to be explained; and, 2d, that after this explanation is made, and after the net of complicated relations is untangled, the value of the materials of production is seen in the end to be the effect, and the value of the product the cause.

I know very well that this thesis will seem strange to many readers at the first glance. I cannot here attempt to demonstrate it or even to guard it against certain misapprehensions to which it is liable. I will call attention to only one circumstance. In the case of certain materials of production, whose true causal connection was for special reasons easy to see, the old theory recognized the principle; as, for instance, in regard to the value of the use of land, which is expressed in rent, Adam Smith observed that the price of the products of the soil is not high or low because rent is high or low; but, *vice versâ*, rent is high or low according as the price of the product is high or low. Or again, no one supposes that copper is dear because the stock of the mining companies is high; but obviously the value of the mines and the stock is high when and because copper is dear. Now, just as well might the water of one river flow up hill while that of the river beside it flows down, as that in the case of different sorts of materials of production the causal connections should run in opposite directions. The law is one and the same for all materials of production. The difference is only that in case of certain materials the true relation of cause and effect is very easy to see, while in others, owing to manifold obscuring complications, it is very hard to see. The establishment of the law for those cases also, when deceptive appearances had led to the opposite explanation, is one of the most important contributions of the Austrian school.



Perhaps it is the most important of all. Every political economist knows what a vast part cost of production plays in the theory of political economy—in the theory of production no less than in that of value and price, and in this no less than in that of distribution, rent, wages, profit on capital, international trade, etc. It is safe to say that there is not one important phenomenon of economic life for the explanation of which we are not compelled either directly or indirectly to appeal to cost of production. And here rises the question which having once been thrown into the world is no more to be put out of it: What place does this much appealed-to cost properly hold in the system of phenomena and their explanation? Does it play the part of a centre about which as a fixed and absolute middle point all the other phenomena of value turn? Or is cost, the value of materials of production, in spite of all contradictory appearances, the variable part, determined by the value of the product?

That is a question as fundamental for political economy as the question between the Ptolemaic and Copernican systems was for astronomy. The sun and earth turn, as every child knows, but one cannot be much of an astronomer to-day without knowing whether the earth turns about the sun or the sun about the earth. Between the value of the product and the value of the materials of production there exists a no less obvious and indubitable relation. But whoever wishes to understand this relation and the countless phenomena that depend upon it must know whether the value of the materials of production is derived from the value of the product or the reverse. From the first instant when this alternative comes into view in discussion everyone who wishes to be an economist must have an opinion, and a definite opinion. An eclectic vacillation, such as up to this time has been almost universal, will not do; in a scientific system we cannot have the earth turning about the sun and the sun turning about the earth alternately. Whoever, therefore, to-day

wishes to contend that the cost of production is "the ultimate regulator of value" may continue to do so; but he will not find his task so easy as it has been heretofore. We shall justly expect him to attempt to explain to the bottom, without deficiency or contradiction, in accordance with his principle, the phenomena of value, and especially the value of materials of production. Probably, if he takes his task seriously, he will come upon difficulties. If he does not find them himself he must at least take account of those which others have met in the same path, by which they have finally been compelled to attempt the explanation of phenomena of value according to the opposite principle. At any rate, this part of economic theory will in future be treated with a considerably greater degree of care and scientific profundity than has before now been customary, unless our science wish to deserve the reproach which has both in former and later days been so often cast upon it; that it is more a babbling over economic matters than a real, earnest science.<sup>1</sup>

The question of the relation of cost to value is properly only a concrete form of a much more general question—the question of the regular relations between the values of such goods as in causal interdependence contribute to one and the same utility for our well-being. The utility furnished by a quantity of materials from which a coat can be produced is apparently identical with the utility which the completed coat will furnish. It is thus obvious that goods or groups of goods which derive their importance to our welfare through the medium of one and the same utility must also stand in some fixed, regular relation to one another in respect to their value. The question of this regular relation was first put into clear and comprehen-

<sup>1</sup> Austrian literature on the relation of cost and value: Menger, *Grundsätze*, pp. 123 *et seq.*; Weiser, *Ueber den Ursprung und die Hauptgesetze des wirtschaftlichen Werthes*, 1884, pp. 139 *et seq.*; *Der natürliche Werth*, pp. 164 *et seq.*; Böhm-Bawerk, *Grundzüge*, pp. 61 *et seq.*, 534 *et seq.*; *Positive Theorie des Kapitals*, 1889, pp. 189 *et seq.*, 234 *et seq.*

sive form by the Austrian economists; it had previously been treated only in a very unsatisfactory manner under the head of "cost of production." There is, however, a corollary to this general and important proposition which is not less important and interesting, but which has hitherto never received the modest degree of attention in economic theory which has been bestowed upon the problem of cost. Very commonly several goods combine simultaneously to the production of one common utility; for example, paper, pen, and ink serve together for writing; needle and thread for sewing; farming utensils, seed, land and labor for the production of grain. Menger has called goods that stand in such relation to one another "complementary goods." Here rises the question, as natural as it is difficult: How much of the common utility is in such cases to be attributed to each of the coöperative complementary factors? and what law determines the proportionate value and price of each?

The fate of this problem hitherto has been very remarkable. The older theory did not rank it as a general problem at all, but was nevertheless compelled to decide a series of concrete cases which depended *implicite* upon that problem. The question of the distribution of property especially gave occasion for such decisions. Since several factors of production—soil, capital, hired labor, and labor of the employer himself—coöperate in the production of a common product, the question as to what share of value shall be assigned to each of the factors, in compensation for its assistance, is obviously a special case of the general problem.

Now, how were these concrete cases decided? Each one was decided by itself without regard to the others, and hence, eventually, they formed a complete circle. The process was as follows: If rent was to be explained, it was decided that to the soil belonged the remainder of the product after the payment of cost of production, under which term was included the compensation of all the

other factors—capital, labor, and profit of manager. Here the function of all the other factors was regarded as fixed or known and the soil was put off with a remainder varying according to the quantity of the product. If then it was necessary in another chapter to determine the profits of the entrepreneur, it was decided again that to him should be given the overplus left after all the other factors were compensated. In this case the share of the soil, the rent, was reckoned along with labor, capital, etc., as fixed, and the entrepreneur's profit was treated as the variable, rising and falling with the quantity of the product. In just the same manner the share of capital was treated in a third chapter. The capitalist, says Ricardo, receives what is left from the product after the payment of wages. And as if to satirize all these classical dogmas, last of all, Mr. F. A. Walker has completed the circle by stating that the laborer receives what is left over from all the other factors.

It is easy to see that these statements lead in a circle, and to see, also, why they so lead. The reasoners have simply neglected to state the problem in a general form. They had several unknown quantities to determine, and instead of taking the bull by the horns and straightway inquiring after the general principle, according to which a common economic result should be divided into its component factors, they tried to avoid the fundamental question—that of the general principle. They divided up the investigation, and in this partial investigation allowed themselves each time to treat as unknown that one of the unknown quantities which formed the special object of the investigation, but to treat the others, for the time being, as if known. They thus shut their eyes to the fact that a few pages earlier or later they had reversed the operation and had treated the supposed known quantity as unknown, the unknown as known.

After the classical school came the historical. As often happens, they took the attitude of sceptical superiority and

declared altogether insoluble the problem which they were unable to solve. They thought it to be in general impossible to say, for example, what per cent. of the value of a statue is due to the sculptor and what per cent. to the marble.

Now if the problem be but rightly put, that is, if we wish to separate the economic and not the physical shares, the problem becomes soluble. It is actually solved in practice in all rational enterprises by every agriculturalist or manufacturer; and theory has nothing to do but rightly and carefully to hold up the mirror to practice in order in turn to find the theoretical solution. To this end the theory of final utility helps in the simplest way. It is the old song again. Only observe correctly what the final utility of each complementary factor is, or what utility the presence or absence of the complementary factor would add or subtract, and the calm pursuit of such inquiry will of itself bring to light the solution of the supposed insoluble problem. The Austrians made the first earnest attempt in this direction. Menger and the author of this paper have treated the question under the heading *Theorie der komplementären Güter*; Wieser has treated the same subject under the title *Theorie der Zurechnung* (theory of contribution). The latter, especially, has in an admirable manner shown how the problem should be put, and that it *can* be solved; Menger has, in the happiest manner, as it seems to me, pointed out the method of solution.<sup>1</sup>

I have called the law of complementary goods the counterpart of the law of cost. As the former disentangles the relations of value which result from temporal and causal *juxtaposition*, from the simultaneous coöperation of several factors toward one common utility; so the law of cost explains the relations of value which result from temporal and causal *sequence*, from the causal interde-

<sup>1</sup> Menger, *Grundsätze*, pp. 138 *et seq.* Böhm-Bawerk, *Grundzüge*, Part I., pp. 56 *et seq.*; *Positive Theorie*, pp. 178 *et seq.*; Wieser, *Der natürliche Werth*, pp. 67 *et seq.*

pendence of successive factors. "By means of the former the meshes of the complicated network represented by the mutual value relations of the coöperating factors are disentangled, so to speak, in their length and breadth; by the latter in their depth; but both processes occur within the all-embracing law of final utility, of which both laws are only special applications to special problems."<sup>1</sup>

Thus prepared, the Austrian economists finally proceed to the problems of distribution. These resolve themselves into a series of special applications of the general theoretical laws, the knowledge of which was obtained by a tedious, but scarcely unfruitful, work of preparation. Land, labor, and capital are complementary factors of production. Their price, or what is the same thing, rate of rent, wages, and interest, results simply from a combination of the laws which govern the value of the materials of production on the one hand with the laws of complementary goods on the other hand. The particular views of the Austrians on these subjects I will here omit. I could not, if I would, give in this paper any proper statement of their conclusions, still less a demonstration of them; I must content myself with giving a passing view of the matters with which they are busied, and, where it is possible, of the spirit in which they work. I only briefly remark, therefore, that they have set forth a new and comprehensive theory of capital<sup>2</sup> into which they have woven a new theory of wages,<sup>3</sup> besides repeatedly working out the problems of the entrepreneur's profits,<sup>4</sup> and of rent.<sup>5</sup> In the light of the theory of final utility, the last-named

<sup>1</sup> Böhm-Bawerk, *Positive Theorie*, p. 201.

<sup>2</sup> Böhm-Bawerk, *Kapital und Kapitalzins: I. Geschichte und Kritik der Kapitalzinstheorien*, 1884. [Translated into English, with a preface by W. Smart, 1890.] II. *Positive Theorie des Kapitals*, 1889; differing from the older teaching of Menger's *Grundsätze*, pp. 143 *et seq.*

<sup>3</sup> Böhm-Bawerk, *Positive Theorie*, *passim* and pp. 450-452.

<sup>4</sup> Mataja, *Der Unternehmervergewinn*, 1884; Gross, *Die Lehre vom Unternehmervergewinn*, 1884.

<sup>5</sup> Menger, *Grundsätze*, pp. 133 *et seq.*; Wieser, *Der natürliche Werth*, pp. 112 *et seq.*; Böhm-Bawerk, *Positive Theorie*, pp. 380 *et seq.*



problem in particular finds an easy and simple solution, which confirms Ricardo's theory in its actual results and corroborates its reasoning in many details.

Of course, all the possible applications of the law of final utility have by no means been made. It is more nearly true that they are scarcely begun. I may mention in passing that certain Austrian economists have attempted a broad application of the law in the field of finance;<sup>1</sup> others to certain difficult and interesting questions of jurisprudence.<sup>2</sup>

Finally, in connection with the foregoing efforts, much trouble has been taken to improve the implements, so to speak, with which the science has to work, to clear up the most important fundamental conceptions. And, as often happens, the Austrian economists find most to improve and correct in a department which has heretofore passed as so plain and simple that the literature of several nations—the English, for example—has scarcely a word to say about it. I refer to the doctrine of economic goods. Menger has put a logical implement into the hands of science in his conception, as simple as it is suggestive, of the subordination of goods (*Güterordnungen*),<sup>3</sup> a conception which will be useful in all future investigation. The writer of this paper has especially endeavored to analyze a conception which appears to be the simplest of all, but which is most obscure and most misused: the conception of use of goods (*Gebrauch der Güter*).<sup>4</sup>

Questions of practical political economy, on the contrary, have only just begun to be made the subjects of literary

<sup>1</sup> Robert Meyer, *Die Principien der gerechten Besteuerung*, 1884; Sax, *Grundlegung*, 1887; Wieser, *Der natürliche Werth*, pp. 209 *et seq.*

<sup>2</sup> Mataja, *Das Recht des Schadenersatzes*, 1888; Seidler, "Die Geldstrafe vom volkswirtschaftlichen und sozialpolitischen Gesichtspunkt," *Conrad's Jahrbuch*, N. F., vol. xx., 1890.

<sup>3</sup> Menger, *Grundsätze*, pp. 8 *et seq.*

<sup>4</sup> Böhm-Bawerk, *Rechte und Verhältnisse vom Standpunkt der volkswirtschaftlichen Güterlehre*, 1881, pp. 57 *et seq.*; *Positive Theorie*, pp. 361 *et seq.*

work by the Austrian economists.<sup>1</sup> This, however, by no means implies that they have no faculty for the practical needs of economic life, and still less, that they do not wish to connect their abstract theory with practice. The contrary is true. But we must build the house before we can set it in order, and so long as we have our hands full with simply raising the framework of our theory, there is little obligation to devote to numerous questions of practical detail that amount of time-absorbing care which their literary elaboration would require. We have our opinions upon them, we teach them from our chairs, but our literary activities have thus far been bestowed almost exclusively upon theoretical problems, for these are not only the fundamental ones, but are those whose long-continued neglect by the other side, the historical school, must be repaired.

What, now, is the short meaning of this long story? What is the significance to the science as a whole of the advent of a set of men who teach this and that in regard to goods, value, cost, capital, and a dozen other subjects? Has it any significance at all? In answering this question I feel the embarrassment of belonging to the group of men whose activity is under discussion. I must, therefore, confine myself to the statement of what the Austrian economists as a body are trying to effect; others may judge whether or not they are successful.

What they are striving for is a sort of *renaissance* of economic theory. The old classical theory, admirable as it was for its time, had the character of a collection of fragmentary acquisitions which had been brought into orderly relations neither with one another nor with the fundamental principles of human science. Our knowledge is only patchwork at best, and must always remain so. But of the classical theory this characterization was particularly and emphatically true. With the insight of

<sup>1</sup> By Sax, for example, *Die Verkehrsmittel in Volks- und Staatswirtschaft*, 1878-79; Philippovich, *Die Bank von England*, 1885; *Der badische Staatshaushalt*, 1889.

genius it had discovered a mass of regularities in the whirlpool of economic phenomena, and with no less genius, though hindered by the difficulties that beset beginnings, it commenced the interpretation of these regularities. It usually succeeded, also, in following the thread of explanation to a greater or less distance from the surface toward the depths. But beyond a certain depth it always, without exception, lost the clue. To be sure, the classical economists well knew to what point all their explanations must be traced—to the care of mankind for its own well-being, which, undisturbed by the incursion of altruistic motives, is the ultimate motive-force of all economic action. But owing to a certain circumstance the middle term of the explanation, by means of which the actual conduct of men, in the establishment of prices of goods, of wages, rent, etc., ought to have been joined to the fundamental motive of regard for utility—this middle term was always wrong. That circumstance was the following: A Crusoe has to do only with goods; in modern economic life we have to do with goods and with human beings from whom we obtain the goods we use—by means of exchange, coöperation, and the like. The economy of a Crusoe is explained when we succeed in showing what relation exists between our well-being and material commodities, and what attitude the care for our well-being requires us to take toward such material commodities. To explain the modern economic order there is, apparently, need of two processes: 1st, just as in Crusoe's economy, we must understand the relation of our interests to external goods; 2d, we must seek to understand the laws, according to which we pursue our interests when they are entangled with the interests of others.

No one has ever been deluded into thinking that this second process is not difficult and involved—not even the classical economists. But, on the other hand, they fatally underrated the difficulties of the first process. They believed that as regards the relation of men to external

goods, there was nothing at all to be explained, or, speaking more exactly, determined. Men need goods to supply their wants; men desire them and assign to them in respect of their utility a value in use. That is all the classical economists knew or taught in regard to the relation of men to goods. While value in exchange was discussed and explained in extensive chapters, from the time of Adam Smith to that of Mr. Macvane, value in use was commonly dismissed in two lines, and often with the added statement that value in use had nothing to do with value in exchange.

It is a fact, however, that the relation of men to goods is by no means so simple and uniform. The modern theory of final utility in its application to cost of production, complementary goods, etc., shows that the relation between our well-being and goods is capable of countless degrees, and all these degrees exert a force in our efforts to obtain goods by exchange with others. Here yawns the great and fatal chasm in the classical theory; it attempts to show how we pursue our interests in relation to goods in opposition to other men without thoroughly understanding the interest itself. Naturally the attempts at explanation are incoherent. The two processes of explanation must fit together like the two cogwheels of a machine. But as the classical economists had no idea what the shape and cogging of the first wheel should be, of course they could not give to the second wheel a proper constitution. Thus, beyond a certain depth, all their explanations degenerate into a few general common-places, and these are fallacious in their generalization.

This is the point at which the renaissance of theory must begin, and, thanks to the efforts of Jevons and his followers, as well as to the Austrian school, it has already begun. In that most general and elementary part of economic theory through which every complicated economic explanation must eventually lead, we must give up *dilettanti* phrases for real scientific inquiry. We must not weary of studying the microcosm if we wish rightly to

understand the macrocosm of a developed economic order. This is the turning-point which is reached at one time or another in all sciences. We universally begin by taking account of the great and striking phenomena, passing unobservant over the world of little every-day phenomena. But there always comes a time when we discover with astonishment that the complications and riddles of the macrocosm occur in still more remarkable manner in the smallest, apparently simplest elements—when we apprehend that we must seek the key to an understanding of the phenomena of great things in the study of the world of small things. The physicists began with the motions and laws of the great heavenly bodies; to-day they are studying nothing more busily than the theory of the molecule and the atom, and from no part of natural science do we expect more important developments for the eventual understanding of the whole than from the minutiae of chemistry. In the organic world the most highly developed and mightiest organisms once roused the greatest interest. To-day that interest is given to the simplest micro-organisms. We study the structure of cells and of amœbæ, and look everywhere for bacilli. I am convinced that it will not be otherwise in economic theory. The significance of the theory of final utility does not lie in the fact that it is a more correct theory of value than a dozen other older theories, but in the fact that it marks the approach of that characteristic crisis in the science of economic phenomena. It shows for once that in an apparently simple thing, the relation of man to external goods, there is room for endless complications; that underneath these complications lie fixed laws, the discovery of which demands all the acumen of the investigator; but that in the discovery of those laws is accomplished the greater part of the investigation of the conduct of men in economic intercourse with one another. The candle lighted within sheds its light outside the house.

It may, of course, be to many who call themselves

political economists a very inconvenient and unpleasant surprise to find that to the field which they have heretofore ploughed with intellectual toil, another new field is added—a field by no means small, whose tillage is particularly laborious. How convenient it has been heretofore to conclude an explanation of phenomena of price with reference to the shibboleth of “supply and demand” or “cost”! And now, on a sudden, these supposed pillars tremble, and we are forced to build the foundations far deeper, at the cost of great and tedious labor.

Whether inconvenient or not, there is no other course left us than to do the work which past generations have neglected. The classical economists are excusable for having neglected it. In their time, when everything was yet new and undiscovered, investigation *per saltum*, scientific exploitation, so to speak, might bring rich results. But now it is otherwise. In the first place, we of later times, since we have not the merit of being pioneers of the science, should not lay claim to the advantage of pioneers: the requirements have become higher. If we do not wish to remain behind the other sciences, we too must bring into our science a strict order and discipline, which we are still far from having. Let us not be beguiled into vain self-satisfaction. Mistakes and omissions are, of course, to be expected at any time, in every science; but our “systems” still swarm with the commonplace, superficial faults, whose frequent occurrence is a sure sign of the primitive state of a science. That our expositions end in smoke before essentials are reached; that they evaporate in empty phrases as soon as they begin to be difficult; that the most important problems are not even stated; that we reason in the most undisguised circle; that not only within the same system, but even within the same chapter, contradictory theories of one and the same matter are upheld; that by a disorderly and ambiguous terminology we are led into the most palpable mistakes and misunderstandings—all these failings are of so frequent occurrence in our science that



they almost seem to be characteristic of its style. I can easily understand how the representatives of other sciences, which have become amenable to strict discipline, look down with a sort of pity upon many a famous work of political economy, and deny to the latter the character of a true science.

This state of affairs must and shall be changed. The historical school, which for the last forty years has given the keynote to all Germany, has unfortunately done nothing at all to this end. On the contrary, in its blind terror of "abstract" reasoning and through the cheap scepticism with which at almost every important point in the system it declares the given problems "insoluble," and the struggles to discover scientific laws hopeless, it has done its utmost to discourage and obstruct the scanty efforts that have been directed toward the desired end. I do not ignore the fact that in another direction, in the provision of vast empirical stores, they have conferred great benefit; but future time will impartially show how much they have helped in this direction and harmed in the other with their one-sided zeal.

But what both the classical and the historical schools have neglected, the Austrian school is to-day trying to accomplish. Nor are they alone in the struggle. In England, since the days of Jevons, kindred efforts, to which the great thinker gave the impulse, have been carried forward by his worthy associates and followers; and incited partly by Jevons, partly by the Austrian school, a surprisingly great number of investigators, of all nations, have in recent times turned to the new ideas. The great Dutch literature is devoted almost entirely to them; in France, Denmark and Sweden they have gained an entrance. In Italian and American literature they are almost daily propagated; and even in Germany, the stronghold of the historical school, against whose resistance the ground must be fought for almost inch by inch, the new tendency has taken a strong and influential position.

Can it be that the tendency which possesses so great a power of attraction is nothing but error? Does it not in reality spring from a need of our science, and supply a need which has long been repressed by one-sided methods, but which must eventually make itself felt—the need of real scientific depth?

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*Vienna.*

Translated by HENRIETTA LEONARD.

## ON THE CONCEPTION OF SOVEREIGNTY.

AUSTIN'S famous definition of sovereignty is expressed by him in the following sentence:

"If a *determinate* human superior, *not* in a habit of obedience to a like superior, receive *habitual* obedience from the *bulk* of a given society, that determinate superior is sovereign in that society, and the society (including the superior) is a society political and independent."  
—*Lectures on Jurisprudence*, Lecture VI., vol. i. p. 226 (Edit. 4, 1879).

The definition of a positive law, which is the counterpart of the definition of sovereignty, is given toward the close of the same prolonged "lecture":

"Every positive law (or every law simply and strictly so called) is set, directly or circuitously, by a sovereign individual or body, to a member or members of the independent political society wherein its author is supreme."—*Ibid.*, p. 339.

It is thus the fundamental assumption of the English school of jurisprudence and of the English writers on political science who follow in the path marked out by Hobbes, Bentham, and Austin, that in every political society sovereign power always resides in certain determinate persons (one, few, or many), and that all true laws (*i. e.*, laws which the law-courts would recognize as such) may be regarded as the commands of this sovereign. A consequence of this conception of sovereignty is that the classification of the forms of government becomes rigidly precise, simple, and, it must be added, quite remote from the ordinary use of language either among practical politicians or among the most scientific of political historians. The phrases "mixed government" and "limited monarchy" are abominations to Austin and Cornwall Lewis, as much

as the facts supposed to correspond to these phrases were to their great precursor, Hobbes. Hobbes had political prejudices, as well as logical reasons, for his antipathy. In the case of Austin the motive force is the intense disgust provoked by that vagueness and obscurity of Blackstone which had already called forth Bentham's *Fragment on Government*. Vague uses of the term "law" and traditional laudations of mixed government, and of the surpassing perfection of the British Constitution, inevitably caused a reaction; and the confused prolixity of Blackstone must serve as the excuse for the seemingly precise prolixity of Austin.

The Austinian jurisprudence, which, in spite of Austin's German studies, is thoroughly English in its antecedents (except in so far as we regard the theories of Hobbes as due to the influence of Bodin), has produced a great effect on English legal and political thinking; but outside of England and English colonies it has produced no effect whatever—none certainly, in France or Germany or Italy; none in Scotland, nor, with very slight exceptions, in the United States of America.<sup>1</sup> Its dominant authority in England has finally begun to be weakened by the introduction of the historical method into the study of law—above all by the great work done and the ideas suggested by the late Sir Henry Maine. Sir Henry Maine has pointed out, that throughout the greater part of the world and during the greater part of human history, there have been no such sovereign legislating bodies as Austin supposes; and that, where we might consider all the conditions of sovereignty, according to Austin's conception, to be found, as, for instance, in the case of Runjeet Singh, the Sikh despot of the Punjaub, such a sovereign ruler never made a single law in Austin's sense. (*Early History of Institutions*, p. 380.) As Professor Clark puts it: "That the sovereign

<sup>1</sup> Cf. an article on "National Sovereignty," in the *Political Science Quarterly* [New York] for June, 1890, by Mr. J. A. Jameson, who mentions only two American writers as followers of the "analytical jurists." P. 196.

makes, or *sets*, such rules in the first instance is contrary alike to philology, history, and legal tradition, all of which indicate an element of original approval or consent by the whole community." (*Practical Jurisprudence: A Comment on Austin*, pp. 167, 168.) "If we look at the history of all early societies," says Sir William Markby, who is not unfriendly to Austin (*Elements of Law*, edit. 2, p. 24), "we find that the principal duty of the sovereign in time of peace is not the making of law, but the decision of law-suits." Law is older than sovereignty; primitive law is the custom of the tribe, and the earliest type of sovereignty is exhibited, apart from leadership in battle, in pronouncing judgments, not in making laws. That one person or a determinate body of persons should make laws would be a profane and monstrous idea in the eyes of the members of primitive societies. The legislative activity of the sovereign comes very late in the process of political development; and the great historical interest of the writings of Bentham and Austin is just that they are contemporary with, and supply a theoretical justification for, the quickening of legislative activity in England.

Historical considerations are, however, in themselves no argument against the Austinian conceptions of law and sovereignty—any more than it is an argument against the social contract theory to point out that the date of the original contract has not been fixed by Jean Jacques. A perfectly unhistorical theory may be useful as a means of analysis. Hobbes supplied the principle according to which the Austinian conception must be interpreted. "The legislator is he (not by whose authority the law was first made, but) by whose authority it continues to be a law" (quoted by Austin, *Jurisprudence*, i. p., 337). Thus, where a rule of English common law has not been interfered with by parliamentary statute, we may regard it as "set" by Parliament, because Parliament could interfere with it, should such interference be considered expedient. What is permitted or suffered to continue we may, by a little

twisting of language, by one of those fictions so dear to the conservative legal mind, consider to be commanded. Of course, when we extend this principle of interpretation from highly-developed political societies, where the sovereign is constantly legislating, to more primitive societies where there is no legislative activity, the extreme artificiality of the procedure is forced on our notice. It becomes absurd to say that the Great King of Persia at one time commanded the Jews to keep the Sabbath, because he did not forbid them to do so. The application of the historical method and the genuine scientific study of the origins and sources of law do not refute a professedly unhistorical theory, but they tend to weaken our sense of its importance. And yet we must not allow the glamour of the historical method to blind us to the value of the analytic. As Professor Dicey reminds us:

"The possible weakness of the historical method as applied to the growth of institutions, is that it may induce men to think so much of the way in which an institution has come to be what it is that they cease to consider with sufficient care what it is that an institution has become."—*The Law of the Constitution*, pref. to first edition.

But the value of the analytic method is not necessarily the same thing with the value of the analytic method as practised by Austin.

"The procedure of the analytical jurists," says Sir Henry Maine (*Early History of Institutions*, pp. 360, 361), "is closely analogous to that followed in mathematics and political economy. It is strictly philosophical, but the practical value of all sciences founded on abstractions depends on the relative importance of the elements rejected and the elements retained in the process of abstraction. Tried by this test, mathematical science is of greatly more value than political economy, and both of them than jurisprudence as conceived by the writers I am criticising."

This comparison between the English school of jurisprudence and the characteristically English school of political economy is admirable. If competition be perfectly unfettered by either law or custom or the force of habit or



the presence of ordinary human feelings, *if* capital be absolutely transferable, and *if* (what is still more impossible) labor be absolutely transferable, *then* the Ricardian political economy would represent actual facts. But with a sufficient number of "ifs," it would be possible to write any number of scientific works, every sentence in which might be as painfully and uselessly true as Mr. Froude found the *Proverbial Philosophy* of Martin Tupper.<sup>1</sup>

But is this method of abstraction inseparable from an analysis of what is? And (is Maine right in calling it "strictly philosophical"?) Aristotle would have objected that to be strictly philosophical we must adapt our methods to the subject-matter of our study, and that the methods available in mathematics are not applicable in the study of the science of wealth and of the science of law, which are branches of the great science of human society. If we try to get strict accuracy and precision where the subject-matter does not admit of it, we shall find ourselves left with mere empty words and abstract formulæ which give us no insight into reality, although they may indeed be valuable as a means of criticising the more confused and less conscious abstractions of common talk or of so-called popular philosophy. And, as a mere matter of terminology, is it not rather the business of the "philosopher" to correct the one-sided "abstractions" inevitable in ordinary language and indispensable in the procedure of the various special sciences? At least, we may reasonably expect from a philosophy of law, and even from a science of jurisprudence, that it shall have some applicability, if not to primitive societies, at least to the states which the theorist had before his eyes.

Now, this is the restricted claim made on behalf of Austin by his apologists at the present day. As Professor Holland puts it: "It is convenient to recognize as laws

<sup>1</sup> Bagehot, in his "Economic Studies" (republished in the *Postulates of English Political Economy*, 1885) compares the *insularity* of the Ricardian political economy and the Austinian jurisprudence.

only such rules as are enforced by a sovereign political authority, although there are states of society in which it is difficult to ascertain as a fact what rules answer to this description." (*Jurisprudence*, p. 43.) Let us see, then, how the Austinian conception may be applied to the British Constitution. Here there is a noteworthy difference between Austin and his follower, Sir George Cornewall Lewis. Austin finds the sovereign in the United Kingdom in king, lords, and commons—meaning by "commons" the electors of the House of Commons. "Speaking accurately," he says (i. p. 253) "the members of the commons' house are merely trustees for the body by which they are elected and appointed; and consequently, the sovereignty always resides in the kings and the peers, with the electoral body of the commons." Lewis, on the other hand, agrees with Blackstone that "the sovereignty of the British Constitution is lodged in the three branches of Parliament" (*Use and Abuse of Political Terms*, ed. by Sir R. K. Wilson, p. 49), *i. e.*, in the King, the House of Lords, and the House of Commons. As we are here expressly dealing with a question of jurisprudence and not of history, it would be idle to discuss the question debated between lawyers and historians whether the king is or is not a part of Parliament. The historian is perfectly right in pointing out that the preamble of any Act of Parliament, preserving as it does the old theory of the Constitution, makes the king (or queen) distinct from the three estates in Parliament assembled, "by and with the advice and consent of" whom he (or she) enacts "as follows." And yet we may allow the lawyer, for the sake of the convenience of speaking of the sovereignty of Parliament, to follow the phraseology of Blackstone and define Parliament so that it includes the king (Dicey, *Law of the Constitution*, ed. 3, p. 37). Lewis's editor, Sir R. K. ~~Wilson~~, points out that what Lewis himself has laid down as one of the "marks of sovereignty," *viz.*: "irresponsibility," is most certainly to be found in the body of the electors (*Use and Abuse of*

*Political Terms*, p. 47, note). "Irresponsibility" does certainly seem in a fuller sense to belong to the elector than to the member of Parliament. Neither is indeed legally responsible for the way in which he uses his right of voting: the "moral" responsibility of the member to his constituents is forcibly brought home to him when a dissolution is at hand, whereas no determinate persons (unless it be landlords or employers who "put on the screw") force his responsibility on the notice of the free and independent elector. There is always a penalty in the former case, but not always (fortunately) in the latter. But the other mark of sovereignty laid down by Lewis is "necessity of consent." On this his editor remarks: "When the sheriff returns a member as duly elected, is it not a public act to which the consent of the electors is necessary"? This seems a rather forced application of the conception, compared with the fact, on which Lewis insists, that the House of Commons must consent to the passing of a law. The electors need not consent in order that the law should be sufficiently a true law to be enforced by a law-court. Thus, one of Lewis's "marks" seems to suit the electors better, and the other, the elected.

This difficulty, and the divergence of view between Austin and Lewis, force on our attention the fundamental confusion in Austin's apparently clear and precise theory. Recent apologists of the English school of jurisprudence have generally put forward the defence that the sovereign body—in Austin's sense—is the body behind which the lawyer *quâ* lawyer does not look. Mr. Frederic Harrison has summed up Austin's analysis of sovereignty and law in the two following propositions:

"I. The source of all positive law is that definite sovereign authority which exists in every independent political community and therein exercises *de facto* the supreme power, being itself unlimited, as a matter of fact, by any limits of positive law.

"II. Law is a command relating to the general conduct of the subjects, to which command such sovereign authority has given legal

obligation by annexing a sanction, or penalty, in case of neglect," (Art. on "The English School of Jurisprudence," *Fortnightly Review*, vol. xxx. pp. 484, 485.)

Now, if this is to be the interpretation of Austin, if we are only to consider what the sovereign is for the purposes of the lawyer, Austin is quite wrong in going behind the House of Commons to the electorate. For the lawyer *quâ* lawyer a law is good law though it were passed by a Parliament which had abolished the Septennial Act and had gone on sitting as long as the Long Parliament, quite as much as if the law were passed by a newly-summoned parliament, of the elected part of which an overwhelming majority had been returned expressly pledged to vote for this very law. With the wishes or feelings of the electors the lawyer as lawyer has nothing whatever to do, however much they may affect him as a politician or as a reasonable man. The luminous exposition of this point by Professor Dicey (*Law of the Constitution*, ed. 3, pp. 68-72) makes it unnecessary to say more. As Professor Dicey points out, Austin's doctrine is "absolutely inconsistent with the validity of the Septennial Act." "Nothing," he adds, "is more certain than that no English judge ever conceded, or under the present Constitution can concede, that Parliament is in any legal sense a 'trustee for the electors.'" (P. 71.)

If anyone were to object that our supposition is an impossible one, and to urge that no Parliament, *now* at least, could prolong its existence indefinitely—nay, that no Parliament now, elected under a Triennial Act, could pass a Septennial Act, without first "going to the country" on that very question, and if we were to ask such an objector "Why"? would not the answer be: "Because the country would not stand it"? That is to say, behind the sovereign which the lawyer recognizes there is another sovereign to whom the legal sovereign must bow. The "legally despotic" sovereign, if that means our "omnipotent" Parliament, is very strictly limited in some ways. It is essen-

tial, therefore, to distinguish between the "legal sovereign" and the "ultimate political sovereign." Or, rather, to make the distinction complete at once, let us distinguish (1) the *nominal* sovereign, (2) the *legal*, and (3) the *political*. This distinction would serve to obviate a great many ambiguities. It is no new distinction; but it is to be found formulated in Locke's somewhat cumbrous phraseology in his second *Treatise on Civil Government*, ch. xiii. §§ 149, 151.

"Though in a constituted commonwealth, standing upon its own basis, and acting according to its own nature—that is, acting for the preservation of the community—there can be but one supreme power, which is the legislative, to which all the rest are and must be subordinate; yet the legislative being only a fiduciary power to act for certain ends, there remains still in the people a supreme power to remove or alter the legislative, when they find the legislative act contrary to the trust reposed in them. . . . In some commonwealths, where the legislative is not always in being, and the executive is vested in a single person, who has also a share in the legislative, there that single person, in a very tolerable sense, may also be called supreme, not that he has in himself all the supreme power, which is that of law-making, but because he has in him the supreme execution from whom all inferior magistrates derive all their several subordinate powers, or, at least, the greatest part of them; having also no legislative superior to him, there being no law to be made without his consent, which cannot be expected should ever subject him to the other part of the legislative, he is properly enough in this sense supreme."

In these passages we have the distinction between what I have called the legal sovereign, the political sovereign, and the nominal sovereign, expressed in a manner applicable to the English Constitution. Locke, it will be observed, does not shirk the verbal paradox of saying that there are three supremes, and yet there is not one supreme. Here at least he makes an analysis of institutions without adopting a method of abstraction which sacrifices truth and convenience to the mere appearance of precise and consistent terminology.

Hobbes, from whom the Austinian conception of sovereignty comes, purposely identifies all the three meanings of sovereign. I do not wish to deny for a moment the



immense value in political philosophy of the unflinching, though narrow logic of Hobbes. Hobbes's theory of sovereignty is, of course, equally applicable to aristocracies and democracies; but, with regard to England, as is obvious enough from the curious dialogue or rather catechism which goes by the name of *Behemoth*, his theory may be described as that of a political nominalist, in the sense that he argues from names to things. Because the king of England is called "sovereign," therefore there is no other "legal sovereign"—the Parliamentary lawyers were only talking what Austin would have called "jargon." That there is no other "political sovereign" Hobbes seeks to prove by his ingenious adaptation of the social contract theory, which in all other political writers had served the purpose of vindicating the right of a people to resist tyrants. Hobbes, like Thrasymachus in Plato's *Republic*, makes all laws (legal and moral) dependent on the will of a sovereign; in the phraseology of his own theory he allows no natural rights (with the inconsistent exception of the right of preserving one's life) to persist in civil society. If we translate his thought out of the fictions in which it is formulated, the practical lesson which he wishes to teach is this:

There are only two alternatives—a strong government or anarchy. It is better to submit to any kind of authority, however much you dislike it, than to face the worse evils of universal war.

Locke's threefold distinction in the meaning of sovereignty allows him to escape the conclusion of Hobbes, and prepares the way for Rousseau. According to Hobbes, natural rights are transferred to the legal sovereign (and the legal sovereign is identified with the nominal); according to Rousseau, the legal sovereign is only the minister of the sovereign people, to whom the natural rights of each individual are transferred without being lost.<sup>1</sup>

<sup>1</sup> "Trouver une forme d'association qui défende et protégé de toute la force commune la personne et les biens de chaque associé, et par laquelle chacun,



Austin brushes aside the historical use of "sovereignty" for the sovereignty of a prince. The historically true and very convenient phrase "limited monarchy" makes him and his followers almost angry. As we have seen, his apologists generally understand his sovereign in the sense of the legal sovereign; but he himself, by including the electorate in the sovereign of Great Britain, has gone behind the sovereign for the lawyer *quâ* lawyer. When Austin speaks of the "bulk" of the community being in the "habit" of obedience, he indicates that a vague consent of an *indeterminate* number of persons is necessary to the real power of the legal sovereign, thus practically recognizing a sovereignty behind the legal sovereign; but Austin will not apply the term sovereign at all except to a determinate number of persons. Now the electorate of Great Britain is certainly a determinate number; but is it true to say that it is solely by the consent of the electorate that the House of Commons has its power? Can we say that Austin has indicated the ultimate political sovereign in Great Britain? It is, of course, true that the electors have an easy and constitutional way by which to make the members of the House of Commons feel that, though legally irresponsible, they are actually responsible. The electorate has the power of creation and annihilation. It can make a not-M.P. into an M.P., and it can determine that an M.P. shall in future sit—outside the house. But this only represents the constitutional relation of the electorate to the House of Commons. As a matter of fact, can we say that it was to the electorate of the House of Commons that King and Lords gave way in 1832? Even persons who are not electors can always make a riot, and sometimes a revolution. But when we pass outside a body such as the electorate, we are no longer dealing with "determinate persons."

s'unissant à tous, n'obéisse pourtant qu'à lui-même, et reste aussi libre qu'auparavant." Tel est le problème fondamental dont le contrat social donne la solution. Contr. Soc. I. c. vi.

If we turn from the British Constitution to the Constitution with which it is always most profitable to compare it—the Constitution of the United States of America—the contrast with regard to the “legal sovereign” is obvious, and has been clearly brought out by Professor Dicey. The lawyer *quâ* lawyer can go behind an Act of Congress or an act of the legislature of one of the States to the Constitution of the United States, or, in matters affecting a particular State and not reserved to the government of the United States, to the Constitution of that particular State. No English court can set aside an Act of Parliament as bad law; if an Englishman says anything that Parliament does is unconstitutional, he only means that *he* does not approve of it, or that *he* thinks it contrary to what *he* considers “the spirit of the Constitution”: he is merely expressing his own private opinion. But an American court can refuse to give judgment in accordance with an Act of Congress which seems to it to violate the Constitution; and when an American says an Act of Congress is unconstitutional, he is saying something that (whether true or false) has a perfectly definite meaning for the lawyer *quâ* lawyer. Now Austin, on the lookout for determinate persons, could not be content to call the written Constitution sovereign, but finds sovereignty in those persons who have the power of altering or amending the Constitution.

“I believe,” he says (*Jurisprudence*, i. p. 268), “that the common government, or the government consisting of the congress and the president of the united states, is merely a subject minister of the united states’ governments. I believe that none of the latter is properly sovereign or supreme, even in the state or political society of which it is the immediate chief. And, lastly, I believe that the sovereignty of each of the states, and also of the larger state arising from the federal union, resides in the states’ governments *as forming an aggregate body*: meaning by a state’s government, not its ordinary legislature, but the body of its citizens which appoints its ordinary legislature, and which, the union apart, is properly sovereign therein.”<sup>1</sup>

<sup>1</sup> The pedantic absence of capitals is Austin’s own, and implies no intention of insult.

With regard to the non-sovereignty of Congress and President and of the States' legislatures within each State there is no dispute. If anyone were to point out that within each State the body of the electors is sovereign in all those matters not expressly reserved by the Constitution of the United States, an Austinian would answer that, since the Constitution may conceivably be altered, the makers of State Constitutions are subject to the makers of the Constitution of the United States—which seems a sufficiently good answer, though it would compel one to give up the phraseology of the *Federalist*, according to which a portion of sovereignty remains in the individual States (No. lxii.). Instead of "remains in," we must say "is delegated to." The analytic method would invert the historical theory of the Constitution. That, however, is, as we have already allowed, no argument against its value. But is the body who can alter the Constitution of the United States the legal sovereign behind which the lawyer *quâ* lawyer cannot go? Austin draws his inference from Article V. of the Constitution, which provides the mechanism for the amendment of the Constitution; but he stops his quotation without giving the last clause of the Article, which is as follows:

"Provided that . . . . no State, without its consent, shall be deprived of its equal suffrage in the Senate."

Now, a non-American feels some diffidence in putting this problem: Suppose that an amendment is carried, in due form, that a certain State shall in future have only one member in the Senate, but the State in question does not consent, what will be the legal position of the second Senator returned by that State? If he is not allowed to take his seat, Article V. of the Constitution has been violated, a revolution has been effected, and the legal sovereign has been changed; if the amendment is considered unconstitutional by the court, then the body empowered to amend the Constitution is *not* the legal sovereign, and a

few written words are supreme over these determinate persons. Thus, Austin, in his search for determinate persons, must wander about till he finds George Washington, James Madison, and a large number of other persons who (a Scotchman may be permitted, and expected, to remark) are now dead.

Of course it may be said that such a violation of the last clause of Article V. is impossible in America, just as the abolition of the Triennial Act would now be impossible in England. That may be true; but it is irrelevant, if we are looking for the legal sovereign, as explained by Austin's apologists. Behind the legal sovereign there are such feelings as reverence for the past, imperative needs in the present, and hopes for the future—which feelings, however, are to be found in indeterminate, and not in determinate persons. The ultimate political sovereign is not a determinate body of persons. And we have just seen that there may be a difficulty even in finding the legal sovereignty in every case in a determinate body of persons.

With regard to the nominal sovereign, it must also be clear that this is not always a determinate person. No constitutional monarchy has, indeed, as yet followed the suggestion of Condorcet and employed an automaton on the throne—"to put the dots on the *i's*." In a republic it may be convenient to have an individual at the head of the executive; but there might be a republic without a president. In the Swiss Confederation, the President of the Federal Council is only the chairman of a board. The President of the United States, though more powerful in many respects than any constitutional king, and though he takes a place in public prayers and in the drinking of toasts parallel to that occupied by emperors and kings, is certainly not the nominal sovereign. "The United States of America" is the nominal sovereign in America in regard to certain matters, and "the Commonwealth of Massachusetts," "the State of New York," etc., in regard to others. "The French Republic" is the nominal sovereign

in France, and was so for some time after the First Napoleon and his imitator had called themselves "Emperors," just as in ancient Rome "the Senate and People" was the nominal sovereign during the despotism of the Senatorial oligarchy and during the despotism of the Cæsars.

Mr. Herbert Spencer (*The Man versus the State*, p. 81), while apparently accepting Austin's conception of sovereignty as residing in certain determinate persons, strongly objects to sovereignty being considered unlimited. "Austin," he remarks, "was originally in the army"; and this serves him as a psychological explanation of Austin's theory. "He assimilates civil authority to military authority." Now, Mr. Spencer seems to me to find fault just with what is permanently valuable in Austin's conception of sovereignty. That a sovereign is supreme is indeed an identical proposition, but a proposition which it was very important to assert. If, with Austin's apologists, we assume that the attributes of sovereignty belong to the legal sovereign, then the only escape from endless ambiguities, both in theory and practice, is to insist that the sovereign in every state is, in Austin's striking phrase, "legally despotic." I shall consider afterward whether in any sense the ultimate political sovereign can be said to be limited. The nominal sovereign need not cause a difficulty, because the nominal sovereign, whether an individual person or a name, is only the representative of the legal and political sovereigns.<sup>1</sup> The legal despotism of the legal sovereign means only that the legal sovereign cannot be made legally responsible without a contradiction in terms. As Aristotle would say, "Otherwise we must go on to infinity." But this brings out the more clearly the responsibility of the legal sovereign to moral influences and to

<sup>1</sup> As Locke puts it, in the latter part of § 151 of his second Treatise on Civil Government: He "is to be considered as the image, phantom, or representative of the commonwealth, acted by the will of the society, declared in its laws, and thus he has no will, no power, but that of the law." This is true *à fortiori* of a nominal sovereign that is not a person.



physical force. Hobbes did a great service to civil liberty by making men fully aware of what the sovereignty of a monarch implied. And Austin appropriately cites the declaration of Algernon Sidney, that no society can exist without arbitrary powers. "The difference between good and ill governments is not that those of one sort have an arbitrary power, which the others have not; but that in those which are well constituted, this power is so placed as it may be beneficial to the people." (Observe, he does not say merely "*exercised* beneficially for the people.") Austin clearly sees what Mr. Spencer is unable to realize, that without the legal restraints enforced by a supreme government there cannot be civil liberty. In Locke's words, "where there is no law there is no freedom."<sup>1</sup>

Bluntschli, who by no means shares Mr. Spencer's antipathy to the State, shares his objection to unlimited sovereignty. (*Theory of the State*, Eng. tran., p. 464.) But we may safely say that no one trained in the Austinian jurisprudence could have fallen into the confusions of a passage in Bluntschli (*ibid.*, p. 508), where he declares that "in no case can an official be bound to render obedience which would violate the higher principles of religion and morality, or make him accomplice in a crime. Such acts can never be the duty of his office. The servant of the State cannot be required to do what a man would refuse from humanity, a believer from religion, or a citizen from regard to the criminal law of the land." What does he mean by "bound"? An official cannot be *legally* bound to break "the law of the land"; but he cannot *legally* claim to disobey a command, which, though not contrary to the law of the land, he considers contrary to *his* morality and *his* religion, and yet to remain an official. Morally, of course, he may consider himself bound to break the law of the land, and there are cases where such protest may be made most effective by an official breaking a law which violates the moral feelings of the community, and leaving to the

<sup>1</sup> Treatise on Civil Government, ii. § 57.



authorities the moral odium of removing or punishing him. Bluntschli's confusion is perhaps more excusable than it appears to an English reader, because of the distinction in Germany between Administrative Law and the ordinary law binding on non-officials. In England, as Professor Dicey has clearly pointed out, we have no *droit administratif*. But, at the best, such a dictum as Bluntschli's can do no good, theoretical or practical, and only helps to make people more tolerant of tyrannical laws and tyrannical administration than they ought to be. It is only a device of despotism to mix up a little pious talk about morality and religion with an unpalatable legal pill. It is much better that the law in all its harshness and its makers in all their legal irresponsibility should stand out clearly before the eyes of those who are required to obey. For then there is most likelihood of the moral responsibility of the legal sovereign being stringently enforced. H

Let us, then, leave to the lawyer *quâ* lawyer his legal sovereign, and pass to consider, what is a matter not of jurisprudence but of political philosophy—the nature of the ultimate political sovereign. What has kept the Constitution of the United States more unaltered for over a hundred years than that of any country of Europe? What prevents the British Parliament from introducing a Decennial Act in the same fashion in which the Whigs of 1716 introduced the Septennial Act? What restrains the Sultan from ordering his subjects to burn the Koran and eat pork? In every case it is not a determinate person or persons, but *opinion*. L

"As Force is always on the side of the governed, the governors have nothing to support them but opinion. It is therefore on opinion only that government is founded, and this maxim extends to the most despotic and most military governments, as well as to the most free and most popular."—Hume's *Essays*, Part I., Ess. iv. L

With this passage of Hume we may compare the remarks of Professor Bryce in his discussion of "Government by Public Opinion." (*The American Commonwealth*, chap. 77.)

"Governments have always rested, and, special cases apart, must rest, if not on the affection, then on the reverence or awe, if not on the active approval, then on the silent acquiescence of the numerical majority."

This is the truth which is contained in the famous doctrine of "the sovereignty of the people"—a doctrine which by no means originated in the revolutionary brain of Rousseau, but was well known at the time of the Reformation to both Catholics and Protestants, and was frequently used by one or the other to justify the deposition and even the assassination of rulers—who belonged to the opposite faith.<sup>1</sup> It is the doctrine expressed by Locke in the words: "There remains in the people a supreme power to remove or alter the legislative." Austin himself accepts the statement "that every government continues through the people's *consent*," if interpreted as follows:

"That in every society, political and independent, the people are determined by motives of some description or another, to obey their government habitually; and that, if the bulk of the community ceased to obey it habitually, the government would cease to exist."—*Jurisprudence*, i. p. 305.

The problem of good government is the problem of the proper relation between the legal and the ultimate political sovereign. Under primitive conditions, when the political sovereign is as yet unconscious of his sovereignty, the fitting form of government is the rule of the one, the absolute king, who administers justice according to supposed immemorial or divinely-instituted custom. When a people begins to become conscious of its political existence, a want of harmony may show itself between the mass of the people and the despotic rulers, who will be ruling now in accordance with the opinion of past generations and not of their actual subjects. Then the old system is on the verge of a revolution, peaceable or otherwise.<sup>2</sup> Rep-

<sup>1</sup> See Janet, *Histoire de la Science Politique*, Liv. III. ch. iii. and iv.

<sup>2</sup> Cf. Bryce, *The American Commonwealth*, iii. pp. 16, 17, chap. 77.

representative institutions, petitions, public meetings, a free press, are various means through which the political sovereign can assert itself. When refused such means, and when yet sufficiently vigorous to use them, it will assert itself by armed rebellions, or, if that is not possible, by secret conspiracies and by assassinations, which being approved by the general conscience, are morally different from ordinary murders. Political assassination is a clumsy and generally ineffective method of moving a vote of censure on the government in countries where the opposition has no constitutional means of expression. When discontent is "driven beneath the surface," if sufficiently strong it will produce political earthquakes. Statesmanship has been defined as "the art of avoiding revolutions," and this is so far true that the wise statesman will make revolution impossible by making it unnecessary, or else certain of failure, because not supported by the "general will." But the "general will," or ultimate force of public opinion, does not reside in a determinate number of persons. Rousseau falls into an error, from which he himself has provided a way of escape, when he inclines to think the general will (the *volonté général* which he expressly distinguishes from the *volonté de tous*) can only be properly exercised by all the individuals collectively. A great deal may indeed be said on behalf of the direct exercise of political power, as among the citizens of Uri and Appenzell: a great deal may be said on behalf of the democratic device of the *referendum* as an excellent conservative check upon the "hasty legislation" of an elected assembly; but the sovereignty of the people is not exercised only in direct democracies. It may be and is exercised in many cases through an absolute monarch, or a dictator, or a small assembly of public-spirited and far-sighted nobles or ecclesiastics. Owing to the tendencies of human selfishness, want of imagination, and narrowness of view, the probability is that the interests of the unrepresented will not be properly nor systematically cared for. When

a prince really cares for his people, when an aristocratic assembly overcomes the prejudices of caste-feeling, there is admiration as at some rare and curious phenomenon. But only a bigoted belief in the *forms* of democracy can prevent a historian from recognizing that the "general will" has frequently found expression through the legal sovereignty of the very few.

✓ The same habit of looking for political sovereignty in determinate persons leads to a great many of the prevalent confusions about majorities and minorities. It seems a plausible argument when it is said that there is very little gain if the tyranny of a majority is substituted for the tyranny of a minority, and a decided loss if the tyranny of an unenlightened majority is substituted for the tyranny of an enlightened minority. Quite true—if the rule of the majority is a tyranny. But "tyranny of the majority" requires definition. "A majority is tyrannical," says Professor Bryce (*The American Commonwealth*, chap. 85), "when it decides without hearing the minority, when it suppresses fair and temperate criticism on its own acts, when it insists on restraining men in matters where restraint is not required by the common interest, when it forces men to contribute money to objects which they disapprove, and which the common interest does not demand." Apart from such tyranny, the rule of the majority has the important advantage, pointed out in a memorable phrase by Mr. Justice Stephen: "We count heads to save the trouble of breaking them." Counting heads—even if they be foolish heads—is an invention which, on the whole, has promoted human well-being. The important right of a minority is the right to turn itself into a majority if it can. And if the right of free expression of opinion and of association for the purpose of promoting opinion be secured to a minority, we cannot reasonably say there is tyranny. If a majority believe in the reasonableness of its position, it need not fear the free discussion of it; and if a minority believes in itself and in the reasonableness

of its position, it requires nothing more. To give every elector or every member of an elected assembly an equal vote is a convenient device; it promotes security by preventing the feeling on the part of the majority that there is a grievance, and in the long run it leads to votes being not merely counted, but weighed. Men hold their opinions with very different degrees of strength and conviction. Ten persons who are firmly convinced of the social expediency of their policy can, if they stick together and are allowed freedom of association and of expression, very speedily turn themselves into ten thousand, if they have only lukewarm and half-hearted antagonists. (Of course, I am not referring to scientific opinion as to what *is*, but to practical opinion as to what *ought to be done*.) We talk of people having opinions; in the majority of cases it is the opinions that have the people. A political idea, a national sentiment, the spirit of the age, do not, certainly, float about like clouds in the air; they can only exist in the minds of individuals, but they exist in the minds of individuals with very different degrees of intensity, and the individuals differ very much in the degree in which they are conscious of them. The man in whom an idea, that is only vaguely present in the minds of others, rises into distinct consciousness, and who can give expression to that idea in such a way as to awaken others to the consciousness of it and of its importance—such an one is a leader of men. The practical leader, as is often noticed by historians and politicians, must not be too much in advance of his contemporaries; but if he have not a more distinct consciousness of the aims for which others are blindly or half-blindly striving, he is in no sense a leader. Sir Robert Peel, a statesman not incapable of popular sympathies, described "public opinion" (in a letter written in 1820) as "that great compound of folly, weakness, prejudice, wrong feeling, right feeling, obstinacy, and newspaper paragraphs." In the same generation Hegel said: "In public opinion are contained all sorts of falsehood and



truth." So far he only says the same thing as Peel; but he goes on to add: "To find the truth in it is the business of the great man. He who tells his age what it wills and expresses, and brings that to fulfilment, is the great man of the age." (*Phil. des Rechts*, § 318, p. 404.) The great man must be able to discern between the real and growing forces in public opinion, and the mere seeming and transitory or decaying elements in it.<sup>1</sup> But the man whose ideas and sentiments are out of all relation to those of his own age cannot exercise any effect upon it.

When we say that the legally irresponsible legal sovereign is, as a matter of fact, responsible (morally and physically) to the ultimate political sovereign, does not this mean that the ultimate political sovereign is the mere incarnation of the force of the majority? Physical force may be disguised behind the mechanism of voting; but it is force in the last resort. As Locke puts it, "It is necessary that the body should move whither the greater force carries it, which is the consent of the majority." (*Civil Government*, II., c. viii. § 96.) This force may be guided by wise or by foolish leaders; but it is force nevertheless. Whether a government maintains itself or is overthrown, it is force that decides. Well, so it is. All ultimate questions of political, as distinct from mere legal, right are questions of might. The repugnance to this conclusion arises simply from the ambiguity of language. The word "force" seems to suggest mere brute strength, exclusive of spiritual elements. But the force which can operate among human beings successfully and continuously is never mere brute strength. Discipline, skill, self-control, fidelity are elements necessary to the success of even what we call "the force of arms;" and these are all spiritual elements. And a great deal more than these is necessary in order to establish a

<sup>1</sup> This is what is implied in the words in Hegel which follow those quoted: "He does and realizes what is the inner essence of his age: and he who does not know how to despise public opinion as he hears it here and there, will never attain to what is great."



secure government. "You can do anything with bayonets—except sit on them." All government must have force at its disposal; but no government can last which has merely force at its disposal, even the force of a veteran army of professional soldiers. All government implies *consent* as well as *force*. These are the two elements which are recognized separately and in one-sided fashion in the theory of social contract on the one hand, and in the theory of law and sovereignty maintained by Thrasymachus, Hobbes, and Austin on the other. A law, to be a law in the true sense, must have the regulated force of the community behind it; but in order to be habitually obeyed and permanently enforced, it must be recognized not merely as "good law," (in the lawyer's sense), but as *a* good law (in the layman's sense), *i. e.*, it must be in accordance with the "general will," it must be thought to promote the common good; or, at least, its tendency to injure the common good must not yet be recognized. It is not necessary that every law should be explicitly approved by everyone who obeys it; that is the impossible demand of individualism, which, carried to its logical issues, is anarchy, and makes all law alike impossible and superfluous. But the great majority of those who habitually obey must recognize the general expediency of the law, or, if not, they must feel themselves able to obtain its alteration, or else they must not yet have awakened to the need of any alteration.

Is there no limitation to this ultimate political sovereignty? Within the nation it might be said there was such in the responsibility of a people to its own future. But that responsibility is part of what we include in the "general will": the ultimate political sovereign is not the determinate number of persons now existing in the nation, but the opinions and feelings of these persons; and of those opinions and feelings the tradition of the past, the needs of the present, the hopes of the future, all form a part. But may there not be a limitation outside of the nation? We

are thus led to consider the external aspect of sovereignty. In Austin's definition, the words "independent" and "not in a habit of obedience to a like superior" were expressly inserted by him to obviate the objections he found to Bentham's definition of a political society, on which his own is based more directly than on any other. The external aspect of sovereignty, however, came to be recognized and debated in modern times before the internal aspect was much considered. The external aspect of sovereignty is a negative aspect (as is sufficiently expressed by Austin's word "independent"), and for that reason allows of precise definition. The Greek term *Autonomos* expresses the absence of obedience to any external authority, but it also suggests a self-governing community, and would not have been applied to the empire of the Persian king. The Greeks started their political life, or, at all events, they started their political thinking with the assumption of the isolated city-state as the true political society. A larger society than the city represents to Aristotle an inferior, and not a higher, stage of political development. Ties of religious observance and of sentiment, as well as a common language and a common culture, bound together the whole Hellenic world as distinct from "the barbarians." But the independence of the city-state was too deeply rooted in Greek ways of thought and life to allow of the absorption of these numerous societies under a strong central government. Such an absorption meant the extinction of freedom. The experiment of federation—the only method of reconciling autonomy and union—came too late, and was not tried under favorable conditions.

The nations of modern Europe, on the other hand, grew up under the shadow, or the ghost, of the Roman Empire, and were held together by the more real unity of the Catholic Church. The modern idea of national sovereignty, *i. e.*, of complete independence of external authority, only gradually won its way, and the assertion of national sovereignty went along with the decay of the Holy Roman

Empire and the revolt of the Northern nations against the authority of the Pope. On the external side a "sovereign prince" means a "sovereign nation"; though, of course, a sovereign nation may be a sovereign, *i. e.*, independent, republic. The internal significance of sovereignty became a prominent theoretical and practical question only after the external question had been settled.

The recognition of international law may seem in a certain sense a limitation on the absolute sovereignty of the nation; but it is no *legal* limitation, because it is a limitation which is self-imposed. The independent nation, as Austin and his school rightly insist, has no legal superior. But the recognition on the part of a nation's representatives that the nation is one of a community of nations, with moral, though not legal, claims on one another, which are backed up by the irregular penalties of war, does impose a moral check on the unlimited independence of a nation, in the same sense in which the recognition of the will of the ultimate political sovereign imposes a moral check on the legal sovereign. inter-land  
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When Austin and his followers insist that international law is not *law*, the plausibility of the remark is mainly due to the fact that the English language possesses no equivalent for *Jus*, *Droit*, *Recht*. International law is not *Lex*: it is *Jus*. But the Austinian criticism does good service by indirectly calling attention to the fact that only the growth of international morality makes possible the growth of international law. International law is law of the primitive type: it is custom. And the sanctions which deter from violating it are the anger and hatred of other nations, which may possibly or very likely result in the use of physical force. In the rudest societies of men there are customs enforced by no regular judicial penalties, but rigidly observed through fear of the consequences of violations. They are in the pre-political state; and if we call lating them; and so it is in the, as yet, rude society of it the "state of nature," we must recognize that that is no

longer always the "state of war." The community of nations is as yet only an idea: it has no legal or political existence. But it is an idea, and as such it forms the basis of international law.

The relations of the several nations to the whole of humanity is the problem with which a Philosophy of History attempts to deal, and from which the practical statesman cannot escape. The several nations are not permanent, self-identical, mutually exclusive units. The evolution of humanity causes new groups to form themselves by union and division out of those already existing. Statesmen, trained in despotic ideas, and endeavoring to regulate national boundaries from above and from without, have often separated those whose spirit was seeking unity and united those who could not be fused into a homogeneous people. The history of Europe since the Congress of Vienna is a commentary on the impossibility of fixing, by external authority, what are "independent political societies." A people in becoming conscious of itself insists on marking off its own limits as well as on determining the character of its government.

When we speak of humanity as something behind every particular sovereign nation, this is no empty phrase. The movements, whether economic, intellectual, moral, religious, or political, going on in one nation, affect the movements going on in others. No nation, for instance, can be freed or enslaved, enriched or impoverished, without other nations feeling the consequence. Thus, in the light of history, no nation is, as *a matter of fact*, ultimately irresponsible to the future and to other nations. If it is responsible, what, then, is the sanction? It is the penalty of death—the penalty of perishing by internal dissensions or by foreign conquest. "Natural selection" determines in the last resort which nations shall survive, what groupings of mankind are most vigorous, and what organizations are most successful. *Die Weltgeschichte ist das Weltgericht.*

Just as it is the business of the ordinary statesman so to

guide the legal sovereign that it does not provoke the displeasure of the ultimate political sovereign, it is the business of the greatest statesman so to guide the whole people that they may adopt those forms which will insure their continuance and their progress. The really great leader will anticipate on behalf of his people what painful experience might otherwise teach too late.

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## THE CHARACTER OF VILLEIN TENURE.<sup>1</sup>

STUDENTS of Economic History have of late years begun to awake to the fact that during the period of the Tudors, and over a considerable area of England, there took place an agrarian revolution which altered the whole aspect of country life. This revolution was the substitution of pasture for tillage, of pasture with large and enclosed farms for tillage on the old intermixed or open-field system. Its significance we still further appreciate when we notice that, after a time, the new generation of farmers settled down to what is known as a "convertible husbandry." To devote their lands continuously to sheep-breeding did not turn out quite so profitable as was at first expected; and it was seen to be expedient to plough up the pasture every few years for a harvest or two. What took place at this time in England was, accordingly, only the English phase of the great movement from open-field tillage to enclosed convertible husbandry, which manifested itself during the same or a somewhat later period over a large part of Western Europe.

I propose in this paper to deal with but a part of this revolution, and that in only one of its aspects. It has been recently said by an eminent writer,<sup>2</sup> that while there is plenty of work still to be done on earlier social history, for this middle period little more can be desired. Its main features, we are told, are already quite clear; the materials necessary for the student's purpose have been printed, and are easily accessible. But as soon as we begin to look

<sup>1</sup> A paper read before the Economic Section of the British Association at its Leeds Meeting, September 5, 1890.

<sup>2</sup> Sir Frederick Pollock, in a paper on "Early Landholding," in *Macmillan's Magazine*. For April, 1890.



more minutely into the accounts of the matter which are to be found in our usual authorities, we discover that this is somewhat too contented a view. For—to mention but one reason for misgiving—it may be doubted whether we have yet quite incorporated into our current thoughts the picture of mediæval husbandry which we owe to Mr. Seebohm. Or rather, though we may have grasped the manorial organization of the thirteenth century, when we get to Tudor times we are apt somehow to imagine that we are in the world of to-day. “Farm” and “Field” and “Tenant” sound as if we knew all about them; the chief difference that occurs to us is that there were a good many more small farmers than there are now; and we make them picturesque by calling them “yeomen.” But when we come to read the documents of the sixteenth century, we hardly get beyond the well-worn quotation about Latimer’s father—which everybody must be heartily sick of by this time—without suspecting that familiar terms did not exactly denote then what they denote now. Tedious as it may be, we have to go back to the rudiments—the manor and its constituent parts: first the land in demesne, cultivated by the lord or his bailiff for the lord’s use; then the land in freehold; then, and most important, the land in villeinage or “customary” tenure; next, the separate pasture closes; next, the meadows; and lastly, the common pasture and waste. The organization of rural society had become much more complicated since the thirteenth century; the frequent partitions of manors, on the one side, and the occupation of villein or customary holdings by men of position and wealth, on the other, had gone far to destroy the symmetry of the manorial system. Yet modern history is much more mediæval than we suppose. Our only safe course is to take the normal manor for our guide; and when we are told, for instance, of a case of “enclosure,” to ask, which of these diverse elements of the manor did it affect, and by what means was it able to affect them?

According as we answer these questions must we conceive of the social consequences of the particular change.

Each of the various ways in which the new sheep-farming was introduced needs to be investigated afresh; and we may well begin with that which was most far-reaching in its consequences—the removal from the soil of the customary tenants.

It is hardly necessary to explain that the kernel of the mediæval manor was a group of tenants, called in earlier times *villeins*, and known in the fifteenth and sixteenth centuries as *customary tenants* and *copyholders*. These copyholders did not hold their arable lands in continuous stretches, in considerable pieces, such as we now call "fields," grouped round a farm-house; they held them in a number of acre or half-acre strips, scattered over the two or three enormous areas, each some hundreds of acres in size, then known as "the fields." In earlier times no villein had more than from twenty to fifty (usually thirty) of these acres; and no two strips held by one man were contiguous: and, although a good deal of consolidation had since taken place, the customary holdings were still as a rule small, and held in scattered pieces. But if sheep-farming was to be introduced instead of tillage, it was necessary that the great stretches of "fields" should be, partially at least, hedged or fenced in; and the open acres of corn, oats, or fallow superseded by pasture. And this did actually take place to a very considerable extent. But here a distinction has to be drawn. In the period from the accession of Elizabeth to the middle of the seventeenth century—when the agrarian revolution stopped for a time, to be renewed a hundred years later—during that period enclosures were usually effected with the consent of all the land-holders concerned. The result, so far as regards the tenants, was only that they now obtained, instead of some thirty scattered strips, which they had been obliged to cultivate in a particular way, four or five fields of six or seven acres each, which they were free henceforward to employ

as they pleased. Even these enclosures had further and less satisfactory consequences, so far as other classes of the agricultural population were concerned; though on these we cannot now dwell. But in the earlier part of the same movement, during the period which may be roughly defined as from 1450 to 1550, enclosure meant to a large extent the actual dispossession of the copyhold or customary tenants by their manorial lords. This took place either in the form of the violent ousting of the sitting tenant, or of a refusal on the death of one tenant to admit the son, who in earlier centuries would have been treated as his natural successor. Proofs abound; there is, for instance, the well-known passage in More's *Utopia*: "That on covetous and unsatiable cormoraunte . . . maye compasse aboute and inclose many thousand akers of grounde together within one pale or hedge, the husbandmen be thrust owte of their owne, or els either by coueyne and fraude, or by violent oppression they be put besydes it, or by wrongs and iniuries they be so wried that they be compelled to sell all."<sup>1</sup>

Now the question which I wish especially to raise is this: What was the contemporary legal theory as to the position of the majority of customary tenants, and what was the practical effect of the theory? It is usually held that, whatever may have been the original insecurity of the villein's position, his successor had by this time arrived at a security of tenure guaranteed by law; so that when a lord ousted a customary tenant he knew he was violating the law, and trusted to the man's ignorance, or poverty, or fear, to escape its enforcement. It is sometimes granted that the law may not have been quite clear, but it is implied that, even if this were the case, that the lords did not know it. Both positions seem to me questionable, especially the

<sup>1</sup> Ralph Robinson's translation, in Arber's Reprint, p. 41. Moore's own Latin text runs "ejiciuntur coloni quidam suis." As to the nature of the clearances, see also Bacon, *Hist. of Hen. VII.* (Bohn ed. p. 359), and *Select Works of Crowley* (E. E. T. S.) p. 122.

first. No doubt the dispossession of the tenants was regarded by the tenants themselves and by most observers as a violation of customary right; no doubt also many tenants were evicted by the strong hand, the term of whose tenure was such that they could have maintained themselves had they been able to go to law. But I hope to be able to show that, so far as the mass of copyholders were concerned, they had, at the beginning of the period, *no legal security*; that the lords knew this and acted upon it; and that the government knew it and were influenced by it. It follows from this that the law as we find it toward the end of the period in Coke, which does give the customary tenant a security of tenure, must be regarded as itself the product of the *Sturm und Drang* of the preceding century and a half.

There was a time, we can hardly doubt, when the great body of villeins all over the Midland and Southern counties<sup>1</sup> held their lands on much the same terms, whatever these may have been. But with the growth of royal courts of justice, and of a body of professional lawyers, distinctions came to be drawn between the tenure of this or that villein, this or that district. All their holdings were still nominally "at the will of the lord," "*ad voluntatem domini*,"—a phrase which must surely have meant what it says at some time.<sup>2</sup> But some were now expressly "for life," "*ad vitam*"; while other customary tenants, still more fortunate, held "to themselves and their heirs."<sup>3</sup> The

<sup>1</sup> This limitation is added to avoid the necessity of considering for the present the peculiar tenures of some parts of Eastern and Western England.

<sup>2</sup> There seems no reason, if we put aside the unproved "mark theory," why we should not agree with what Coke says in the matter, especially as he seems to point to a survival of the earlier conditions as existing in his own time: "These tenants in their birth, as well as the Customary Tenants upon the Borders of Scotland who have the name of Tenants, were mere Tenants at will; and though they kept the Customs inviolate, yet the Lord might, sans controll, eject them."—Complete Copyholder. Sec. 32, ed. 1668, p. 67.

<sup>3</sup> This is found as early as 1328, *e. g.*, in a surrender of that date, "*ad opus Martini et Alicie uxoris ejus et heredum suorum, tenedum in villenagio, ad voluntatem domini*," in Cressingham Court Rolls, priv. printed by H. W. Chandler, 1885, p. 18.

very use of the term "for life" implies an understanding that when the life expired the lord could do with the land as he pleased. It may have been usual to put in the son or other heir of the previous tenant; but the lord was under no legal obligation to do so; and as soon as the point was raised, in 1607, the judges held that an alleged custom to compel the lord to admit in such cases was void.<sup>1</sup> On the other hand, where a grant had been made to a man and his heirs, if the lord refused seisin to the heir he could hardly fail to know that he was doing what was illegal; though, even in this case, the aggrieved heir was denied access to the royal courts down to as late a period as 1468. He could only proceed by way of petition, in the court of the manor, where we can scarcely suppose he was sure of finding justice.

Most customary tenants, however, were probably still admitted to the occupation of land without any such specification of the duration of their holdings. If, under such circumstances, the lord determined to take the land back again into his own hands, it looks as if the law as it stood in 1450 would be upon his side. The two cases of dispossession of a sitting tenant and of refusal to admit the son or other heir of a previous tenant are, of course, distinct, and need separate examination. But the violation of general sentiment would be much the same in either case; the lord's power in either case was, as I conceive it, much the same; and our evidence includes both; so that for the present they may be taken together.

For our first piece of evidence we must go some way back, but it is worth paying some attention to. It is an account of the politic action of a certain Abbot of Abingdon, at the end of the eleventh century. We are told by

<sup>1</sup> Lord Gray's Case, before the Star Chamber, 4 Jac. I. "Ils claime un custome que puis le mort le tenant pur vie d'un copyhold, le Seignior est compellable de faire un auter estate pur vie al eigne firs or fille sil n'ad firs, et sic in perpetuum . . . Pur le custome les 2 Justices Popham et Cook semblont ceo destre encount' le Ley."—Cases Collect. etc., per Sr Francis Moore, 2d ed., 1675, p. 788, pl. 1083.



the chronicler that "on the estates of the monastery it was held to be the law that one tenant could get the consent of the reeve by a bribe, and expel another from his house; and that, when a tenant died who had held a fertile piece of land, a man might, by means of a bribe, get himself admitted, without any compensation being given to the wife or sons of the late tenant.<sup>1</sup> As the Abbot wanted money for his buildings, he arranged with the tenants that these grievances should be removed in return for certain payments. It does not seem likely that such a condition of things as the chronicler describes would be found only on the manors of one particular monastery; and if we suppose that it existed in other parts of the country, it is fair to conjecture that it would be long before it disappeared.

When we get down to the period of text-books, we find Glanvill, at the end of the next century, describing the villein as absolutely devoid of all rights of property. Even if we consider his doctrine of villeinage to have received its color from Roman law, and to have been in some measure irrelevant to the actual life of the time, it cannot have been without influence on the mind of lawyers as soon as questions of villein tenure came before the courts.<sup>2</sup> Such

<sup>1</sup> The text is obscure, but this seems to be its meaning: "Pro lege per abbatiæ loca rusticis deputabatur, ut quislibet eorum, cui vel invidia vel cupiditas alterius adipisci rem inerat, praepositi impleta manu mercaturæ beneficio, posset alium de sua mansione expellere. Item et aliud plebeiorum incommodum. Cum aliquis filios et uxorem habens, et agrorum fortunatus frugiferorum, domino suo jura inoffense persolveret, et is debito fine quiesceret, nulla filiis vel uxori ejus gratia rependebatur, sed illis ejectis, in defuncti lucrationibus extraneus data pecunia inducebatur."—Chron. de Abingdon (Rolls Series), ii. p. 25. I am indebted for this reference to an article by the Rev. E. A. Fuller in Proc. Bristol and Glouc. Arch. Soc., 1877-8. It is perhaps not necessary for the present argument to consider earlier evidence; but it may be noticed that in the *Rectitudines Singularum Personarum* it is laid down that when the *gebur* dies his lord is to take possession of all he leaves. The Latin version, which is probably of the 12th century, and which clearly identifies the *gebur* with the *virgarius*, runs "Si mortem obeat, rehebeat dominus suus omnia." Schmid, *Gesetze der Angelsachsen*, p. 375.

<sup>2</sup> It would seem, to judge from the "Persones Tale of Chaucer," that the legal theory which treated the villeins as incapable of property had not been forgotten,



a case is presented to us in 1280. In that year the Abbot of Burton, annoyed by some proceedings which his villeins of Mickleover had ventured to bring against him in the royal courts, proceeded to evict them all, and to seize their cattle. The sheriff sent a writ for the restoration of the cattle, but it was never obeyed; and when some of the tenants brought an action for theft, the Abbot boldly answered that, being villeins, nothing was their own but their bellies; and they could get no remedy. Apparently it never occurred to the sheriff to order the restoration of their tenements; and although they were finally reinstated on paying heavy fines and acknowledging themselves to be "serfs at the will of their lord," it was of the Abbot's free grace—because, in fact, he wanted his lands cultivated, and knew no other way to secure that end.<sup>1</sup>

Some ten years after the date of these proceedings the text-book known by the name of Britton was compiled, and it speedily became the most widely used of legal authorities.<sup>2</sup> In this work a distinction is drawn between villeins on the ancient estates of the crown, and villeins on the estates of the lords. The former, it tells us, "are privileged in this manner, that they are not to be ousted from such tenements so long as they perform the services which appertain to their tenements." But with the latter "villeinage is a tenement . . . delivered to be held at the will of the lord by villein services"; and to make it clear, that "at the will of the lord" is no empty phrase, he returns to the villeins on royal demesne, and adds (speaking in the person of the king), "And even in the

even toward the end of the 14th century. Thus the parson says (*De Avaritiâ*) that "som lordes stewards," justify unreasonable amercements, "for as moche as a cherl hath no temporel thing, that it ne is his lordes, as they say"; and he attempts later to meet the argument that "the lawe sayeth that temporel goodes of bondfolk ben the goodes of hir lord."

<sup>1</sup> An abstract of the documents is given in Staffordshire Collections, v. p. 82.

<sup>2</sup> I purposely omit all reference to Bracton. So long as we are without a critical edition, and unable to distinguish Bracton's text from later accretions, it is possible to support by his authority almost any opinion as to villein tenure.

manors of the ancient demesnes there are pure villeins both by blood and tenure, who may be ousted from their tenements and deprived of their chattels at the will of the lord."<sup>1</sup>

With the next century the position is changed by the oft-recurring plague. Instead of ousting tenants, lords of land found it hard enough to retain them, even with lightened services. We can readily understand that during such a period the custom of tenant-right would tend to become law; and we might anticipate that when the question came to be raised once more, under the Lancastrian and Yorkist kings, the attitude of lawyers would be different. And accordingly we find Littleton, who writes in 1475, expressing himself as follows: "Although that some such tenants have an inheritance according to the custom of the manor, yet they have but an estate but at the will of the lord, according to the course of common law. For it is said that if the lord do oust them, they have no other remedy but to sue to their lord by petition. . . . But the lord cannot break the custom which is reasonable in these cases." This was the unsatisfactory position in which the law was left in a text-book of great repute, which was speedily printed and passed through several editions: a vague declaration that the lord must not break a reasonable custom, with no explanation what "reasonable" meant, or how the custom was to be enforced.

In the text of Littleton, as commented upon by Coke, appears, indeed, the following addition, which has become

<sup>1</sup> Ed. Nichols, 1865, ii. p. 13. Coke in his Commentary on Littleton, 61 a, makes a most unwarrantable use of the passage here cited concerning villeins on ancient demesne. Referring to what Littleton says of customary tenants *generally*, he adds: "Britton speaking of these kind of tenants saith thus"; when clearly Britton regards those of whom he speaks as occupying an exceptional position. Oddly enough, in his Complete Copyholder, p. 67, Coke justly refers to Britton as confirming his opinion of tenure at will. As to the difference described by Britton between the privileged villeins on royal demesne, and all other villeins, the key to it may perhaps be found in the similar difference between the *coloni* and *servi* in the later days of the Roman Empire. See Fustel de Coulanges, *L'Alleeu et le Domaine Rural*, pp. 55, 71.

*a locus classicus*: "But Brian, chief justice, said that his opinion hath always been, and ever shall be, that if such tenant by custom paying his services be ejected by the lord, he shall have an action of trespass against him, H. 21 Ed. IV. And so was the opinion of Danby, chief justice, in 7 Ed. IV. For he saith that tenant by the custom is as well inheritor to have his land according to the custom, as he which hath a freehold at the common law." But it is significant that this passage does not appear either in an edition of Littleton, printed about the year of his death, or in the issues of Pynson, in 1516 and 1525. It occurs for the first time in the edition of Redmayne, in 1530. What this would seem to indicate is, that the point of law was even in 1530 not yet absolutely determined. We may fairly conjecture that the editor of that year shared in the general indignation which the evictions excited, and that he disinterred a couple of forgotten dicta half a century old, and gave them a place in what had become an established text-book. It does *not* follow from their appearing where they are, that during all that half century these dicta had been well-settled law. The very form of Brian's opinion—which, it will be noticed, is ascribed to as late a date as 1482, and concerns what we should regard as the most extreme display of arbitrary power, the ejection of an actual tenant—marks it as personal and as consciously opposed to a general belief: "his opinion hath always been and ever shall be."<sup>1</sup>

Some light may be thrown on these utterances of Yorkist judges by a consideration of the position of the Yorkist government. The Lancastrian rule had received the support of the landed gentry: the Yorkists were the party of the towns and of the lower classes. When we find that the precisely similar eviction of peasants which went on in many parts of Germany in the sixteenth century was

<sup>1</sup> In the law-French original: "Mes Brian chiefe justice dit, que son opinion ad tous foits este, et enquez serra, si tiel tenant per le custome, etc."—Co. Litt., 60 b.

only prevented from running its full course because the princes, for their own interests, interfered to hinder it,<sup>1</sup> it does not seem extravagant to ascribe to the Yorkist government, and the judges as part of it, a desire to modify the law in such a way as to increase their own popularity, and weaken their enemies the squirearchy. How far they succeeded is an altogether different matter.

That the Yorkist judgments did but little to stem the current of change is manifest from what took place in later reigns. Among the most detailed pieces of information which we possess is a return made in 1517 by the Commissioners of Inquest appointed in that year.<sup>2</sup> Many of the entries simply run as follows: "That A B, knight (*or* gentleman, *or* clerk) has enclosed and put in pasture so many acres in the vill (or township) of C, which were under tillage during the period of the commission." We are told nothing as to the tenure of the land in question. But it is observable that the areas are generally either 30 acres or fractions or multiples of 30; so that they probably represent wholes or portions of virgates—the ordinary customary holding.<sup>3</sup> Another series of entries run: "A B has in the vill of C a tenement with so many acres (*e. g.*, 20, 25, 37, 40) of land, which were in tillage since the time of the commission; and now that tenement is fallen, and the land is turned to pasture." This looks like the evidence of a customary tenant, who still says he "has" the land, though his acres have been taken away from him. In one such instance we even find the phrase "*a certain person* has enclosed them"; a hint which the witness was perhaps too frightened to explain.<sup>4</sup> More interesting still,

<sup>1</sup> Roscher, *Geschichte der National Oekonomik*, pp. 122-3.

<sup>2</sup> Brit. Mus., Lansdowne MSS., i. p. 153. A very short and imperfect abstract is given at the end of the second volume of Schanz, *Englische Handelspolitik*. I hope soon to be able to print the whole.

<sup>3</sup> Thus, among the first few cases are 60 acres, 30, 60, 22 (=  $\frac{1}{2}$  virgate?); and later, in 5 villis following one another, we have 120, 60, 60, 60, 45.

<sup>4</sup> In Haughboys Magna, in Hund. Harpyngham, Co. Norf: "Stephanus Bolt habet unum tenementum cum xl acris terrae, de quibus *quidam* xl acras inclusit,

in one or two cases we get glimpses of wholesale evictions. Thus, "within the vill of Choyzell the houses aforetime of John Willyers are laid waste, and the inhabitants have departed; and there pertain to the said houses 300 acres of land, whereof 30 are (now ?) arable, and the rest are in pasture. And the houses of Burton Lazars in the same vill are laid waste, and the inhabitants have departed; and there belong to the same houses 300 acres of land, whereof 40 are (still ?) ploughed, but the rest are in pasture: and by this downfall the church has fallen into ruins."<sup>1</sup>

Instances of this kind show us that the language of the statutes concerning "the pulling down and destruction of towns," so that where once two hundred persons had been employed,<sup>2</sup> there were now but two or three herdsmen, is no exaggeration, but a sober description of what had really taken place. And yet the Acts never imply that these evictions were in violation of the rights of the tenants. They lay down that "houses of husbandry" ought to be maintained, on the ground that it is desirable that men should find employment; but they never provide means by which the copyholders could enforce their legal rights, if they had any. The natural explanation would seem to be that they had none.

My conclusion, then, is this: Of late years our conceptions of mediæval history have been unduly colored by a theory which, as we are now finding, has yet to be proved—the theory, namely, that the group of customary tenants represent an originally free "mark" community, and that the powers of lords of manors are so many encroachments

et posuit ad pasturam xii acras quae fuerunt in cultura post tempus commissionis, et tenementum illud decedit."

<sup>1</sup> It may be well to give the text of the second paragraph: "Item Mansiones de Burton Lazars in villa predicta devastantur, et inhabitantes ibidem recesserunt; et spectant ad eadem mansiones ccc acrae terrae, quarum x arantur, residuae vero in pastura; et per decasum predictum ecclesia ibidem decedit." We are not surprised to find that according to the Imperial Gazetteer, Chosely has now but one house and a population of seven.

<sup>2</sup> See especially 4 Hen. VII. c. 19, and 7 Henry VIII. c. i. Statutes of the Realm, ii. p. 542; iii. p. 176.



which have only acquired a legal authority during the last five or six centuries. The proposition seems far more tenable that, during historical times and until comparatively modern days, the cultivators of the soil were always in a condition of serfdom, and held their lands at the arbitrary will of their lords. For centuries the lord knew no other way of getting his land cultivated, and had no wish to get rid of a tenant; whenever he did so, it was altogether exceptional. But with the tendency to limitation and definition so characteristic of the feudal period, custom tended to harden into law; and it was just on the point of becoming law when a change in the economic situation, the increasing advantage of pasture over tillage, prompted the lords to fall back on their old rights. Then followed a struggle between a *legal theory becoming obsolete*, but backed by the influence of the landowners, and a *custom on its way to become law*, backed by public sentiment and by the policy of the Government.

Much the same tendencies were at work in other countries, especially in Germany. But there the sixteenth century also witnessed a wide extension of the influence of Roman law. The Roman law, with its sharply-defined conception of property, came to the aid of the lords; and this additional weight was just sufficient in many districts to turn the balance. Thus, the Bavarian code of 1518 laid down that the peasant had no hereditary right to his holding, and not even a life-interest unless he could show some documentary evidence.<sup>1</sup> In Mecklenburg a decree of 1606 declared that the peasants were not *emphyteutae* but *coloni*, whom their lords could compel to give up the lands allotted to them, and who could claim no right of inheritance even when their ancestors had held the land from time immemorial.<sup>2</sup> In Holstein, again, a great number of the peasants were expelled from their holdings, and such

<sup>1</sup> Roscher, *u. s.*, pp. 82.

<sup>2</sup> Quoted in Bilguer, *Ländliche Besitzverhältnisse in Mecklenburg-Schwerin*, pp. 73; from Boll, *Mecklenburgische Geschichte*, p. 354.



as remained became tenants at will.<sup>1</sup> In England, on the contrary, custom and public sentiment and royal policy had no such counteracting influence to contend with, and the outcome of the contest was the law as we find it in Coke. But even there, in many of Coke's phrases, we can discern how recent and how severe the struggle had been.<sup>2</sup>

Before I sit down I should like to express the feeling which, I am sure, from time to time comes over those who are working at economic history. It is of how very little we as yet know about it. I will not venture to discuss what may be the value of historical work as an aid in handling the problems of the present; nor to distinguish between the half a dozen different things which are commonly confused together under the name of "the historical method." Our President, in the treatise we have all been reading, has held out the olive branch,<sup>3</sup> and even those whose general position is most undeductive will do well to listen to his overtures of peace. But he confesses that it is, after all, very much a matter of temperament whether a man works at economic history or economic theory.<sup>4</sup> Well, if a time should ever come—I do not say it ought—when, after puzzling over "final utility" and "disutility," it should, even mistakenly, occur to anyone that the abstract method scarcely gives him results sufficiently tangible to satisfy his particular temperament, he will not do amiss to remember that there is an alternative field of work. Putting it on what some will regard as the lowest ground—the satisfaction of intelligent curiosity—it is not worth while to try to remove some part of the veil which still conceals from us the life of our forefathers.

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<sup>1</sup> Hanssen, *Agrarhistorische Abhandlungen*, i. pp. 431-2.

<sup>2</sup> *E.g.* "But NOW *magistra rerum experientia* hath made this clear." Co. Litt. 60 b: and such phrases as "Note that Littleton alloweth," etc., *ib.* 62 a, 63 b.

<sup>3</sup> Marshall, *Principles of Economics*, especially p. 70.

<sup>4</sup> *Ibid.*, p. 93.

## A CRITIQUE OF WAGES THEORIES.

### I.

"LABOR, like all things which are purchased and sold, and which may be increased or decreased in quantity, has its natural and its market price." In these words, Mr. Ricardo indicates the existence of two distinct questions as to the rate of wages.

The question of wages, the question, that is to say, of the value or price of labor, is but a special instance of the general law of value, and is to be solved by applying the general principle to the particular circumstances of the individual case. Now the fundamental law of value is that supply and demand are made equal by the action of price upon them; the problem is to find what price will do this in each case. But what that price shall be depends on the nature of the demand and the supply themselves.

Sometimes it is the nature of the supply of a commodity which decides what its price shall be, and it is sometimes the nature of the demand. This difference marks the first great distinction between the particular laws of the values of different things.

Demand is always affected by price. Corresponding to every possible price for every possible thing, there is a certain amount of that thing which is wanted at that price, and the amount differs for every different price. If this amount can be had the demand will be satisfied, and not otherwise.

Supply is sometimes affected by the price, and sometimes it is not. Where it can be increased and decreased at will it responds to the influence of price, and price naturally

gravitates to the cost of production. That is to say, the various circumstances under which the supply is brought forth regulate the price in this case, fixing it almost independently of what the demand may be. Demand accommodates itself to the price so fixed, and only influences price in so far as it affects the cost of production by influencing the amount produced.

Where the supply is fixed, the demand and the supply must still be equal, and they are made so by the influence of price upon demand. The problem now is, to find at what price the demand will be such as just to absorb the supply; and this depends upon the nature of the human desires which occasion the demand for the particular article in question.

From the foregoing considerations there arise two laws of value, one for commodities which may at will be increased or decreased in quantity, and another for those which cannot.

Besides, however, those commodities whose supply can be increased or decreased at will, and those others whose supply cannot be increased or decreased at all, there are others whose supply can indeed be increased or decreased in quantity, but at so slow a rate, that for moderate periods of time any such changes may be disregarded.

Labor is such a commodity. It is capable of indefinite increase and its supply is potently affected by price, so that economists speak sometimes of its cost of production as its natural price. Such a law of natural price would be decisive of the rate of wages in a stationary state of society, and would at all times serve as a declaration of the ultimate tendency of the principle of population. But the price to be gotten for labor is not the motive for producing laborers. Labor is not produced as other commodities are, on purpose to sell. Economic motives may restrain men's desire to bring children into the world, but they seldom stimulate a passion which is quite strong enough in itself. But, except in a stationary industrial state, any tendency

of price to conform to the cost of production would remain unfulfilled, for the reason that labor, of all things, varies most slowly in supply. During moderate periods of time, it may be considered as stationary, and, in a progressive state of society, a thousand changing circumstances intervene before a fresh supply can be brought to market to influence price. If, therefore, we wish to learn the laws of the actual price of labor, we must treat the supply as, for the time being, a fixed quantity, and must inquire at what price the demand will just equal it. This we may call the market price; and the foundation on which a true theory of market price must rest is a correct knowledge of the nature of the demand. The errors of economists in their theories about wages are largely due to their failure to comply with this condition.

Ricardo spoke of the market price of labor as fixed by supply and demand; but, as we shall see, he failed to prosecute the analysis of demand to its proper conclusion.

## II.

Of "the Natural Price of Labor," Ricardo says that it "is that price which is necessary to enable the laborers, one with another, to subsist and to perpetuate their race, without either increase or diminution." Thus defined, the natural price of labor is a definite amount of certain commodities, chiefly food, clothing and shelter, and such comforts as may be necessary to the continuance of the race. Unlike the market price of labor, which is a variable quantity, this natural price is a practically permanent amount, fixed by the circumstances under which the supply is produced; or in other words, by the physical requirements of the laborers.

Economists prior to Mr. Ricardo had mainly concerned themselves with this law of natural wages. Practically the same doctrine as that of Ricardo is found in *The Wealth*

of Nations, whence it was copied and amplified by succeeding writers. Adam Smith had taught that wages tend to a minimum, and that they can never rise above this minimum, except by reason of a constant progress going on in the national wealth. Ricardo did but formulate this doctrine with greater precision. Smith was no less positive than Ricardo, that in a stationary state "the competition of the laborers and the interest of the masters would soon reduce them (*i. e.*, wages) to this lowest rate which is consistent with common humanity";—a rate which he elsewhere explains to be that which would maintain the laborer and enable him to bring up a sufficient family to perpetuate the race of workmen.

The successors of Adam Smith followed closely in his footsteps. Among his early followers, J. B. Say is easily first, whether we consider the popular influence of his works, or their scientific merit. After him none, perhaps, is more conspicuous than Storch, the instructor of the Czar Nicholas. Both of these writers reiterate Smith's doctrine of the tendency of wages to a minimum, and repeat his opinion that if the laborer ever gets more than this, it is only because the wealth of society happens at that time to be increasing. They repeatedly state that it is not the actual amount of wealth, but its constant progression, which assures to him any greater degree of comfort.

Underlying this teaching is, of course, the assumption of some active force, which impels population to overtake the means of subsistence, so that it is after all but another aspect of the famous Theory of Population which, some years before the date of Ricardo's writings, was proclaimed by Malthus, and which has since been known by his name. Malthusianism is, however, much older than Malthus, and its teachings had long before his time been among the commonplaces of social philosophy; nor were they ever disputed until after he had made them current, and had, by exhibiting their consequences in detail, made



of a neglected historical fact a burning social question. Malthus, himself, opens his treatise with an appeal to the authority of Dr. Franklin, and it was Dr. Johnson, who, as Thornton says, states the quintessence of Malthusianism in the saying, that "A man is poor; he thinks he cannot be worse; so 'I'll e'en take Peggy.'"

But, if Malthus did not first promulgate the doctrine which bears his name, he first recognized and first compelled attention to the cruel consequences which the principle of population engenders, and he first sought and pointed out a way of escape. When the painful consequences of the pressure of population upon subsistence were depicted in detail, there arose a reluctance to acknowledge them, and Malthus was denounced as an enemy of his kind. This was partly due to the shock produced by the impressive picture which he drew of seemingly inevitable human misery. In natural revolt from so repugnant an idea, people attributed to Malthus a feeling of indifference to or of pleasure in the woe of his fellow-men.

It must be admitted that this impression, though false, was yet, in some measure, justified by the way in which his views were first made public. The first edition of his *Essay* was intended to refute a current scheme of Utopian reform, by showing that misery has its roots in the physiology of plants and animals, and is therefore out of the reach of political remedies. He showed no way of escape, because the occasion did not immediately suggest inquiring for one. It was not his purpose to enter on a sociological investigation, but to answer a revolutionary political theory. The scope of his work was, however, soon seen to reach far beyond the ephemeral controversy which called it forth. But not, perhaps, until after the criticism which his first edition had aroused, did Malthus himself realize the widespread consequences of the facts which he, for the first time, had marshalled in their full force. In his second edition he takes a broader view. In it, he seeks, by demonstrating the causes of misery, to indicate the way



of escape. Instead of the prophet of evil, he becomes the herald of a better social order.

It had previously been accepted as part of the necessary order of things, that the laborer should lead a mere mechanical and animal life, separated by a practically impassable gulf from the owners of property and from polite society. In this spirit Dr. Johnson recommended to Boswell "a liberal kindness to the tenantry, as people over whom the proprietor was placed by Providence." Humane men, no doubt, treated their laborers with kindness, as, indeed, they did their horses and their cattle, and pious men cared for their simpler spiritual wants. But neither parson, nor landlord, dreamed that either the physical or the intellectual condition of the laboring poor was generally capable of radical improvement, or that these might reasonably aspire to enjoy more than the mere necessities of life. Malthus was the forerunner of a new era, in which the equal manhood of all classes and their claim for equal opportunities are more and more admitted, and in which their aspirations after a fuller life are encouraged as possible and legitimate. Though the general tone of his treatise be sombre, its theme is the possibility of supplanting misery by prudence, and eluding the yoke of necessary poverty. Of cautious temperament, he hesitates perhaps too much in proclaiming a hope which, in his opinion, depends for its consummation on the self-restraint of mankind. His point of view and his motive are, however, clearly enough summed up on his concluding pages, in words which are no less weighty because carefully measured. "I should certainly say,"—this is his language,—"that the evils resulting from the principle of population have rather diminished than increased, even under the disadvantages of an almost total ignorance of the real cause. And if we can indulge the hope that this ignorance will be gradually dissipated, it does not seem unreasonable to expect that they will be still further diminished."

It is worthy of note that Malthus was the first to

furnish an adequate theoretical basis for such hopes, by pointing out that the minimum of wages is not irrevocably fixed by physical needs, but depends in part on the will and the habits of the laborers. This much was done already in the *Essay on Population*. But in his *Political Economy*, the work of his later years, he goes further, growing even bitter against the idea that the actual rate of wages is limited by a physical minimum. Quoting Ricardo's definition of the natural price of labor (Ricardo's *Political Economy* having appeared in the interval since the publication of the *Essay on Population*), as "that price which is necessary to enable the laborers, one with another, to subsist, and to perpetuate their race, without either increase or diminution"; he exclaims, "this price I should really be disposed to call a most unnatural price." (Vol. i. p. 247.) And he adds, that a main element in the circumstances which go to set the rate of wages is to be found in "the habits of the people." He attributes habits of improvidence to the influence of "despotism, oppression, and ignorance"; among the circumstances which contribute to prudence and improved standards of living, he finds "civil and political liberty and education." In the serenity of age he thus unconsciously accepts the element of truth which underlaid Godwin's Utopian schemes. Like Ricardo he had indeed already acknowledged in his earlier work the possibility of a high standard of living. Like Ricardo also he had there failed to assign to it its proper influence. Henceforth, however, it has been made prominent by all thoughtful exponents of the Theory of Population.

Possibly Malthus exaggerated the danger arising from the principle of population. It may be that the natural tendencies restricting population are stronger than he imagined. Sometimes, perhaps, the influence of liberty and education, and of all those complex circumstances which we call civilization, even restrict the tendency to increase so greatly as to endanger the healthful progress

of society. This almost seems true of France; perhaps it may also be true of the more educated classes elsewhere. But this does not destroy the importance of Malthus's teaching, nor does he deserve the less credit for his desire to promote human welfare, and for his earnest effort to secure it on a stable foundation. It is not too much to say, that consciously or unconsciously to their authors, all well-directed efforts to establish a sound theoretical basis for an advance in the condition of the poorer classes, trace their origin to the impulse of his teachings.

### III.

So long as it was held that there is a natural price of labor, which is a fixed amount determined by certain physiological conditions, it might well seem superfluous to inquire closely into Market Wages. Accordingly little attention was paid to their law until after the time of Ricardo and Malthus.

Smith and his followers thought that the price of labor could only deviate from the necessary minimum of subsistence under the influence of a state of progressive increase or diminution of wealth. Malthus and Ricardo adopted the same opinion, but, in admitting the influence of differences in the standard of living, they modified the law in a way which eventually led to a practical nullification of it. With the change in the emphasis of the law, the standpoint of investigation naturally shifted. When it was seen that the natural rate of wages was fixed not by the rigid requirements of man's animal economy, but by a standard of living set by the very elastic limits of his will and his tastes, the law of natural wages lost its definiteness, and the importance became apparent of establishing some other law, more precise and of more immediate influence upon the actual course of affairs.

The prevailing industrial conditions concurred also in leading to a new treatment of the subject. From being comparatively stationary, industry was passing into a state of rapid expansion, and people's attention therefore turned from a law of natural wages, which presumed a permanent state of things, toward the discovery of a law which should account for the varying rates of wages in the different phases of the changing industrial state.

Thus the question of market wages came to predominate in discussions of the price of labor, and grew to be generally recognized, as in a peculiar sense the wages question, so that the question of natural wages was thenceforward relegated, for the most part, to discussions of the principle of population. It is the law of so-called market wages which shall from this time engage our attention.

Let us now define more precisely what is meant by market wages. When the market price of anything is mentioned, we naturally think of the varying rate which prevails in actual transactions, fluctuating, from day to day, with every breath of rumor and every transient opinion, however absurd or however plausible, which guides the acts of buyers or of sellers. But in this sense of the words, it is of the very essence of market price that it knows no law. We must therefore seek another meaning.

If employers could always know the extent and character of the present and of the prospective supply and demand, the price of labor would quickly settle at that rate which would induce a steady flow of demand just equal to the current supply. Such knowledge being, however, unattainable, errors of judgment must occur, which sometimes lead to unfounded hopes or to unreasonable fears, which again in their extremes lead to speculation or to panic. Under such influences demand may fluctuate excessively, and supply may be withheld from the market, or may be prematurely forced upon it. It is impossible to

lay down any law for these fluctuations. All that political economy can do is to indicate the rate at which, apart from them, the demand would in the long run absorb the supply as it comes on the market. The market constantly gravitates toward this rate, and all fluctuations do but oscillate around it, generating, as they do so, influences which tend to restore and perpetuate the normal rate, while the excessive price of one period is balanced by a slack price at another.

The term market wages may not be the best to express this rate to which the market is always tending, but since it has been adopted by economists in contrast to natural wages, it is perhaps best to retain it in that sense.

We are now ready to listen to Ricardo's statement of the law of market wages. He says: "The market price of labor is the price which is really paid for it, from the natural operation of the proportion of the supply to the demand; labor is dear when it is scarce and cheap when it is plentiful." It is certainly true, as we have seen, that the price of labor depends on supply and demand. Indeed, this is so obvious a truth that it is scarcely possible directly to refuse it acceptance.

Ricardo's statement is, however, incomplete. If he only means that the price of labor is the outcome of the supply and the demand, this is true indeed, but although true fails to solve the wages question, for it is no less true of the price of everything that is bought and sold. It is not enough to reiterate in regard to labor the general principle which governs every case of exchange value. One must inquire what distinguishes the particular law of price or value of labor from the laws of the values of other things, and this requires that one should observe in what respects labor itself differs from other things, in so far as its individual peculiarities seem likely to affect its price. Unfortunately Ricardo stopped short of doing this. Had he pursued the inquiry to its legitimate conclusion,



Political Economy might to-day perhaps be spared the discredit incurred by its failure to give a clear and decided answer to this all-important question.

In Ricardo's statement that market wages depend upon *the proportion* between the supply and demand, there lurks also in the word "proportion" the germ of an error, which, though dormant in his own treatise, was developed by his successors in such manner as to cause a radical misapprehension of the nature of the demand for labor. The word demand means in the only sense in which it has a proper place in Political Economy, the quantity of a thing which men stand ready to buy at some given price.<sup>1</sup> How much this quantity shall be depends upon price, and it is, therefore, absurd to speak of price as fixed by the "proportion between supply and demand," as though these were both fixed quantities. Price is fixed not by any preëxisting ratio between supply and demand, but by the sum of the conditions which make men willing to give one price rather than another for just that amount which happens to come to the market. As Mill says, when treating of the theory of value, it is not a question of the *proportion* of supply to demand, but of the *equation* of supply and demand. Unfortunately, when treating of wages, Mill himself forgot this fact.

But, however absurd it may be to speak of price as fixed by a "proportion between supply and demand," it could have done very little harm to use this expression, unless there had been a sense in which it was at least intelligible. Now, if you take demand to mean, not the quantity of a thing which is desired, but the quantity of something else which is offered in exchange for it, you get a definition of demand which is very unsuitable and misleading, to be sure, but one in which there really is

<sup>1</sup> See Mill, book iii. chap. ii. 3. This is one of the fundamental principles of Political Economy, and to have clearly enforced this truth is one of Mr. Mill's greatest merits. His masterly demonstration forever makes any oversight inexcusable.



such a thing as a proportion between the demand and the supply, and in which this proportion does really affect the price, although it may not control it. By using the word demand in this way the successors of Ricardo were able to frame a theory of wages which was at once ingenious and simple. Treating the demand for labor as identical with capital, they arrived at the rate of wages by simply dividing the amount of capital by the number of laborers. This saved them the trouble of any further analysis of the nature of demand, or of the motives which induce people to buy labor, or to abstain from buying it. Thus they obtained a solution of the question which was beautifully neat and clear, and dispensed completely with human agency (except as to procreation), leaving the rate of wages to be fixed by the working of automatic natural laws. This result gratified the scientific mind by its logical deftness, and commended itself to practical men as a relief from all responsibility about a very ticklish matter. In taking this course the exponents of the Wages Fund theory chose an easy, but a fatal path: so far as the problem of wages is concerned, they doomed Political Economy to a half century of fruitless endeavor, and did much to degrade it in public estimation.

The authorship of the wages fund theory has been attributed to various writers; among others to Smith, to Malthus, and to Ricardo. Now, all of these writers assume that the relative abundance of capital and of labor exert a paramount influence on wages, which is indeed an obvious and fundamental fact. The wages fund theory, however, is something far more definite. It asserts that the law of wages is a matter of the division among the existing number of laborers of a certain fund whose magnitude is fixed, without regard to the value or efficiency of their labor. The origin and the limits of this fund may or may not be described; it may be the entire capital, or some particular portion of it; but in every case the keynote of the theory is found in the assumption that a certain fixed

fund is destined to the payment of wages, by the operation of some cause independent of the price of labor, or of its productive power. This doctrine was long considered one of the fundamental axioms of Political Economy, and a test of economic orthodoxy.

#### IV.

So far as I am aware, the earliest complete statement of this theory is in James Mill's *Elements of Political Economy*. The first edition of this book appeared about 1820. The younger Mill gives an interesting account of its origin. His father was intimate with Ricardo, who had, at his entreaty, published in 1817 the *Principles of Political Economy*. In 1819, when young Mill was but thirteen years old, his father, who had already accustomed him to a rather indigestible intellectual diet, deemed Ricardo's book too obscure or too difficult for the child's comprehension. This precocious child, many years after, relates the circumstances as follows :

"Though Ricardo's great work was already in print, no didactic treatise, embodying its doctrines in a manner fit for learners, had yet appeared. My father, therefore, commenced instructing me in the science by a sort of lectures, which he delivered to me in our walks. He expounded each day a portion of the subject, and I gave him next day a written account of it, which he made me re-write over and over again, until it was clear, precise, and tolerably complete. In this manner I went through the whole extent of the science, and the written outline of it which resulted from my daily *compte rendu* served him afterward as notes from which to write his *Elements of Political Economy*. After this I read Ricardo, giving an account daily of what I read, and discussing, in the best manner I could, the collateral points which offered themselves in our progress." . . . "I thought for myself almost from the first, and occasionally thought differently from him, though for a long time only on minor points, and making his opinion the ultimate standard. At a later period I even occasionally convinced him, and altered his opinion on some points of detail, which I state to his honor, not to my own. It at once exemplifies his

perfect candor, and the real worth of his method of teaching."—*Mill's Autobiography*, pp. 27-29.

Mr. Mill does not appear to have claimed any originality for his statement of the wages fund doctrine, nor does his son put forward any such claim for him. Presumably they regarded his teachings as a re-statement, or at most, as a development, of Ricardian doctrine. And, while these are not contained or even implied in Ricardo's published opinions, they yet resemble them in such a way that they might easily pass for their legitimate progeny. We may suppose that they were orally transmitted by Ricardo, or were developed in discussions with him; or perhaps that they were in part suggested to the elder Mill by the criticisms of his young scholar. And if there was the same familiar intercourse between Malthus and Mill which each of these gentlemen had with Ricardo, Malthus too may have joined in the formulation of this doctrine, which, though unexpressed in his teachings, yet accords naturally with them. Such a genesis of the theory would be the less surprising, as Malthus and Ricardo were both, unlike either the older or the younger Mill, among the least systematic of writers.

James Mill distinguishes that portion of capital which is used to maintain labor, and is composed principally of food, from that which consists in materials, tools, or instruments. He does not, however, inquire whether this distinction affects in any way the demand for labor. The subject evidently seems to him so simple that his opinions are all summed up in the following conclusion:

"Universally, then, we may affirm, other things remaining the same, that if the ratio which capital and population bear to one another remains the same, wages will remain the same; if the ratio which capital bears to population increases, wages will rise; if the ratio which population bears to capital increases, wages will fall."—*Political Economy*, p. 44.

This statement contains nothing but what is true, if it be construed to mean only what it explicitly says. Other

things being equal, wages will certainly rise if capital increases relatively to labor, and they will fall in the reverse case. But Mill means more than this; he means not only that they will rise or fall with the increase or decrease of capital, but that they will rise or fall *in exactly the same proportion*. This is shown in the passage immediately subsequent, in which he says:

"From this law, clearly understood, it is easy to trace the circumstances which in any country determine the condition of the great body of the people. If that condition is easy and comfortable, all that is necessary to keep it so is to make capital increase as rapidly as population; or, on the other hand, to prevent population from increasing as fast as capital. If that condition is not easy and comfortable, it can only be made so by one of two methods: either by quickening the rate at which capital increases, or retarding the rate at which population increases; augmenting, in short, the ratio which the means of employing the people bear to the number of people."

It will be seen by this that Mr. Mill denies that anything else has any effect whatsoever on wages, except only the one cause named,—the relative abundance, that is, of labor and capital. The productiveness of industry, the infinite variety of human wants, and the infinite variety of the ways of satisfying them, employing, as they do, the most different proportions of labor and of capital,—none of these things has any influence on the amount of wages.

It is, however, in the writings of J. R. McCulloch that the wages fund doctrine takes its most rigid form. Mr. McCulloch wrote the article on "Political Economy" in the Supplement to the *Encyclopedia Britannica*. Afterward, in 1825, he published his *Principles of Political Economy*, and also his *Discourse on the Rise, Progress, and Importance of Political Economy*, containing an outline of a course of lectures delivered on that subject.

In his *Political Economy* (pp. 327, 328) he says:

"The capacity of a country to support and employ laborers is in no degree dependent on the advantageousness of situation, richness of

soil, or extent of territory. These, undoubtedly, are circumstances of very great importance, and must have a powerful influence in determining the rate at which a people *advances* in the career of wealth and civilization. But it is obviously not on these circumstances, but on the actual amount of the accumulated produce of previous labor, or of capital, devoted to the payment of wages, in the possession of a country at any given period that its power of supporting and employing laborers must wholly depend. A fertile soil affords the means of rapidly increasing capital; but that is all. Before this soil can be cultivated capital must be provided for the support of the laborers employed upon it, just as it must be provided for the support of those engaged in manufactures, or in any other department of industry. It is a necessary consequence of this principle that the amount of subsistence falling to each laborer, or the *rate* of wages, must depend on the proportion which the whole capital bears to the whole amount of the laboring population. If the amount of capital were increased without a corresponding increase taking place in the population, a larger share of such capital would fall to each individual, or the rate of wages would be augmented. And if, on the other hand, population were increased faster than capital, a less share would be apportioned to each individual, or the rate of wages would be reduced."

And again, he says even more emphatically (p. 336):

"No proposition can be better established than that the market rate of wages, when reference is made only to a given moment, is exclusively determined by the proportion between capital and population."

Mr. Mill had at least recognized that there are other uses for capital besides paying wages, but McCulloch, if he was aware of the existence of such uses for capital, did not at least think it worth while to notice them, so little did he imagine that any difference in the way of employing capital could affect the rate of wages.

The credit of formulating the wages fund theory is often assigned to Mr. Senior, and he did at least help to name it.<sup>1</sup>

<sup>1</sup> The term Wages Fund does not seem to have come into use until a later time. Adam Smith speaks of "the funds which are destined for the payment of wages," but without attaching any special importance to the expression. Senior speaks of "the fund for the maintenance of laborers," by which he practically means the same thing as the wages fund. The earliest publication, however, in which I have found the exact words "wages fund" used in this manner is in J. S. Mill's Political Economy.



Senior published his *Lectures on Political Economy* in 1826, and in 1835 he furnished to the *Encyclopedia Metropolitana* the article on "Political Economy," which was afterward reproduced in separate form. Nearly one-half of this latter work is concerned, more or less exclusively, with the subject of wages. This question he not unjustly rated as "the most important and the most difficult of all the subjects embraced by Political Economy." But if its difficulties had been underrated by Mill and McCulloch, who seemed to think the question of wages so simple a matter that it might be settled off-hand, Senior exaggerated the obscurity of an already intricate subject by an excessive subtilty of language and a needlessly involved method. He begins by saying (I quote from the fifth edition, 1863, p. 154) that wages must depend "on the extent of the fund for the maintenance of laborers compared with the number of laborers to be maintained." Here we might suppose ourselves in possession of the pure wages fund doctrine. But returning a second time to this proposition (p. 174), he asks: "On what does the extent of that fund depend?" and answers: "In the first place, on the productiveness of labor in the direct or indirect production of the commodities used by the laborer; and, in the second place, on the number of persons directly or indirectly employed in the production of things for the use of laborers, compared with the whole number of laboring families." And again (p. 185): "The productiveness of labor being given, the extent of the fund for the maintenance of labor will depend on the proportion in which produce of labor is shared between the capitalist and the laborer." In this statement we seem to be transported fifty years into the future, and to find anticipated by Senior the opinion that wages are paid not out of capital, but out of product, a proposition which is common to many modern writers, and which President Walker makes the basis of his attack on the whole wages fund theory.

Next Senior asks how the product is divided between



labor and capital (excluding rent and taxes), and answers thus :

"The facts which decide in what proportion [*sic* ?] the capitalist and laborer share the common fund appear to be two: First, *the general rate of profit in the country on the advance of capital for a given period*; secondly, *the period which, in each particular case, has elapsed between the advance of the capital and the receipt of the profit.*"

According to this, it would seem that the rate of profits is first to be ascertained, and that the wages, or wages fund, are what is left after deducting from the entire product the amount reserved for profits. This, again, agrees exactly with modern theories, and is exactly the reverse of the wages fund doctrine, which implies that wages, being first ascertained, profits are the residuum left after deducting the amount of wages from the total product.

But if we were to stop here, we would carry away a very false impression of the final result of Senior's inquiry. He proceeds very properly to inquire what fixes the rate of profit. And he again reverses what had seemed to be his opinion, and pp. 186-190 treats profits as what is left out of product after repaying the advances in materials and in wages, thus arriving at the conclusion that :

"If the proportion of capital to labor remained unaltered, the rate of profit would be also unaltered. If each were increased or each diminished, but in different proportions, profits would rise or fall according to the relative variations in the supply of wages (*i. e.*, wages fund) and labor."

This implies not only that profits are determined by first determining the amount of wages, and deducting them from product; but also that the amount of wages is itself determined by the proportion between the number of laborers and the amount of the wages fund: by so tortuous a course does Senior arrive at a reassertion of the doctrine of Mill and McCulloch, the simplest and crudest form of the wages fund theory. We wonder that he takes so much trouble to

tell little, and we grudge the labor lost in travelling so hard a road, to find ourselves at last brought back to our point of starting. Nor are we soothed by finding this fact hidden in such misty phrases as this: "The rate of profits depends on the previous conduct of the capitalists and laborers of a country." (P. 190.)

Robert Torrens was older than Senior, and began half a generation earlier to write on Political Economy. The subject of wages, however, does not appear to have engaged his attention until 1834, eight years after Senior's Lectures, and just before that gentleman published his article in the *Encyclopedia Metropolitana*.

In the little treatise on *Wages and Combinations*, Col. Torrens reasserts, after the example of Smith and Malthus and Ricardo, the doctrine of a minimum of wages, determined by the necessities of the laborers. With this he combines the wages fund theory of Mill and McCulloch, and adds some new developments of his own. To the idea of a minimum of wages he contrasts the idea of a maximum of wages. Thus, he says (p. 8), that it is physically impossible that wages should continue to exceed the net produce of industry, after replacing the amount expended for materials and implements. Deducting from this physical maximum of wages a sum sufficient to induce capitalists to carry on business, or, in other words, the minimum rate of profit, we obtain "the moral maximum of wages."

Having settled the maximum and minimum limits between which it is possible for wages to vary, Torrens next turns to that which he considers to be the real wages question, namely, the determination of "the precise circumstance which fixes the point at which actual wages settle." (P. 14.) A question which he answers as follows:

"The one and the only cause which can determine where, between the maximum and the minimum, . . . wages . . . shall be

fixed, is the proportion between the number of laborers and the quantity of that component part of . . . capital," which "can be exchanged for labor."

Thus far his answer does not appear to differ materially from that of Mill and McCulloch, but he is not satisfied with this statement, for he goes on to do what they failed to do, in that he inquires what part of capital is set aside to pay wages, and what part is reserved for other uses. And it is this inquiry which makes his treatment of the subject especially noteworthy. In order to find the wages fund, he deducts from the total capital that part which consists in the materials and implements used in production, and the entire remainder he assigns to the payment of wages, except only so much as is needed to pay the current rate of interest on capital.

The distinction which he draws between the capital used for paying wages and that used for furnishing instruments is a fundamental one, and is, I believe, even more fruitful in its influence on wages than Torrens realized, for he too fails to perceive that the manner in which capital is distributed between the two uses is variable, and that its variations affect the rate of wages, a thing which they certainly do in a very great degree.

"Assuming that all the laborers are already employed, and that no addition is made to their numbers, it is morally certain that the whole of every new accumulation of capital will assume the form of increased wages, until the reward of the laborer has reached its maximum. New accumulations of capital are made for the sake of obtaining advantage therefrom. But it is impossible that new accumulations of capital should be advantageously employed unless laborers can be procured. The new capital, accumulated for the purpose of gaining an advantage by the employment of laborers, comes into the market and bids for hands; the old capital, in order to retain its hands, is compelled to bid against the new, and this process goes on until the whole existing capital is invested in wages, seed, materials, and machinery. *But as a given number of hands can use only a given quantity of seed, materials, and machinery*, these ingredients or component parts of capital cannot be increased while the quantity of labor remains the same; and, therefore, it is only in the form of increased wages that the new accumulations of capital can appear." (Pages 16, 17.)

According to this view, the wages fund is that portion of capital which is left over after providing the laborers with such implements and materials as they require. Since Torrens conceives the amount of implements and materials to be a fixed sum for each laborer, it follows, of course, that the greater the number of laborers, the larger the amount of capital which will be needed for these uses, and that the larger the amount absorbed in this way, the smaller will be the residue left to pay labor with. In other words, the greater the number of laborers, the smaller will be the amount of the wages fund, or sum total of wages; and the fewer the laborers, the greater will be not only the individual but also the aggregate wages. So startling a result certainly deserves a degree of notice and comment which Torrens did not give it.

At a much later day, Cairnes called attention to the same paradox in connection with his own view of the theory of wages, but he, too, failed to see its full significance. Of this we will say more when speaking of his work. Meanwhile, succeeding writers were content to speak of the proportion of capital devoted to the payment of wages, or the wages fund, just as though its relation to the entire capital were well ascertained. It is to be regretted that Torrens did not push his analysis further, and that the forward step which he made led to no result.

## V.

We have seen how John Stuart Mill was in a manner associated in the first promulgation of the wages fund theory, which thenceforward received general acceptance by economists. A quarter of a century afterward he published, in 1848, his *Principles of Political Economy*. In this treatise he undertook, as he tells us in his preface, to resurvey the field of Political Economy with a view to unite in a harmonious whole the results of previous researches,

and to apply their teaching to the social condition and prospects of mankind. In this way, he hoped to produce a book which would fill the place, as a manual of the science, formerly held by Adam Smith's *Wealth of Nations*, but which that book had, to a great extent, lost in the advance of scientific knowledge.

Mr. Mill succeeded so well in realizing this expectation, that after the further lapse of more than forty years his book is still generally recognized as the most complete and masterly work of its kind in our language, and we may look upon what he says as the final and most authoritative statement of the wages fund theory. After noticing that custom is seldom without influence upon wages, but that, in the present state of society, competition must be regarded as their principal regulator, Mr. Mill goes on to say :

"Wages, then, depend mainly upon the demand and supply of labor; or, as it is often expressed, on the proportion between population and capital. By population is here meant the number only of the laboring class, or rather of those who work for hire; and by capital, only circulating capital, and not even the whole of that, but the part which is expended in the direct purchase of labor. To this, however, must be added all the funds which, without forming a part of capital, are paid in exchange for labor, such as the wages of soldiers, domestic servants, and all other unproductive laborers. There is unfortunately no mode of expressing by one familiar term the aggregate of what may be called the wages fund of a country; and as the wages of productive labor form nearly the whole of that fund, it is usual to overlook the smaller and less important part, and to say that wages depend on population and capital. It will be convenient to employ this expression, remembering, however, to consider it elliptical, and not as a literal statement of the entire truth.

"With these limitations of the terms, wages not only depend upon the relative amount of capital and population, but cannot, under the rule of competition, be affected by anything else. Wages (meaning, of course, the general rate) cannot rise but by an increase of the aggregate funds employed in hiring laborers, or a diminution in the number of the competitors for hire; nor fall, except either by a diminution of the funds devoted to paying labor, or by an increase in the number of laborers to be paid."—Mill's *Political Economy*, vol. i. pp. 420, 421, American edition.



Since the most eminent advocate of the wages fund theory rests his case here, it is appropriate for us to make this statement the basis of our examination.

If, by saying that wages depend on the proportion between population and capital, or that part of capital which is expended in the purchase of labor, it were only meant that, after we have excluded from capital all that part which is used for other purposes, that then the remaining portion, or wages fund, will, if divided by the number of laborers, yield a quotient equal to the average wage (for such periods of time as occur between its successive distributions), the wages fund theory would indeed be self-evident; but it would be the merest truism. And yet, harmless and insignificant as it might be in itself, its acceptance as explaining the phenomena of wages would be fatal to all serious inquiry, by setting up as a solution that which is in reality no solution at all, but only an identical proposition. The intelligent advocates of the wages fund theory, and Mill in particular, certainly did not intend anything so meaningless.

Nor can we accept Mr. Cairnes's interpretation of the passage above quoted as meant for a statement, not a solution, of the wages problem. To lead his readers to the threshold of so crucial a problem, and consciously to abandon them there, would be a very impotent performance, and very unworthy of Mr. Mill's great name, and I may add, very unlike his character. His language also encourages no such opinion; on the contrary, it clearly implies that the amount of the wages fund bears some fixed proportion to the total capital, or that it is at least independent of the number of laborers, or of the efficiency of their labor, being a specific part of capital devoted, or appropriated, or determined to the payment of wages.

This assumption, of a fund especially set aside for the payment of wages, is closely connected with that erroneous conception of the nature of the demand for labor which we have alluded to above. When treating of the demand and



supply of commodities in general, Mill insists that demand should be understood to mean the quantity of a thing demanded; but in the chapter on wages he overlooks this teaching, and speaks of the demand for labor not as the quantity of labor demanded, but as the quantity of capital, or of that certain part of capital devoted in some mysterious way to the payment of wages.

The theory implies that this proportion of capital is irrevocably determined to the purchase of labor; that, no matter what the price is, this whole sum will be used in buying labor; and, that under no circumstances will any greater sum be so used. But the demand for every other commodity varies with its price, and why not, then, the demand for labor? When asked to believe that in buying labor purchasers act so differently from what they do when buying anything else, we should at least be given some plausible explanation of so extraordinary a proceeding.

The wages fund theory assumes that the supply and demand of labor are both of them fixed quantities, so far, at least, as any influence of price upon them is concerned; so that over against a fixed amount of labor, irrevocably destined to be sold, on the one side, there is set, on the other side, a fixed quantity of commodities irrevocably destined to its purchase. Were this a correct presentation of economic facts, all the usual action and reaction of price upon supply and demand would be at an end, and the truth of the wages fund theory would follow of necessity. For if the holders of two commodities of fixed amount are absolutely resolved, each of them, to devote his entire supply of that one of the commodities which he holds to the purchase of the other commodity, regardless of its price, the inference is inevitable that the rate at which the two commodities shall exchange will depend exclusively on their relative amounts. From the assumption that this is true of labor and capital, it inevitably follows that the question of wages is a question of simple division, and that all that is needed is to divide the number

of laborers into the amount of the wages fund, the quotient being the average rate of wages, which is thus fixed without regard to the degree of productiveness of labor. Wages cannot permanently be less, for then there would be a surplus of unemployed capital competing for the purchase of labor, and raising its price; nor can they be more, without throwing laborers out of employment, and starting a competition which would soon drag the price down again. No assiduity on the part of the laborers, no improvements in production, could raise wages, and just as surely, no degree of neglect or indolence could lower them.

This doctrine was delightfully simple, and a very comfortable one, except for the laborer. Its acceptance was no doubt facilitated by the ready explanation it offered for any deficiency in market wages at any given time and place, much as the Malthusian theory was welcomed by those who saw in it a convenient explanation of poverty and suffering in general, and who cared little, perhaps, for its pointings toward a way of escape from that suffering. Nor is its association with Malthusianism purely accidental. The only means which it offered to laborers for improving their condition was by applying the self-imposed and painful restraints which Malthus suggests, in the hope of benefits accruing to future generations, in which they would not themselves participate. The savings of the capitalist might indeed cause a rise in wages, but all gains arising from discoveries, inventions, and all improvements of industrial methods would inure as profits to the lot of the capitalist, as the residuary legatee of productive industry. (Mill, vol. i. p. 512.) These two doctrines, so distasteful to the laboring class, are doubtless in large measure the cause of their deeply-rooted aversion to the teachings of the so-called orthodox Political Economy.

The authors of this theory must have known that a portion of capital is used in other ways than in paying wages, and they ought to have asked how much this is,

and what causes determine its amount, for these are the ultimate causes of wages. And yet they never seem to suspect that the very object of their inquiry, the price of labor, is itself among these causes. And not only did they fail to ask how much capital is set aside for use as instruments and materials; most of them neglected even to ask how frequently the wages fund was divided among its recipients; a thing which is just as important as its amount, seeing that a sum which is distributed every six months yields just twice as much as an equal sum distributed once a year.

The wages question can only be solved by answering these inquiries; and the only way to answer them is to examine what governs the demand for labor, and how demand is made equal to supply, in the case of this particular commodity. Any deviation from this, the logical method, leads surely to error. In Mill's case it is doubly inexcusable, because he acknowledges the wages question to be a case of value, and half recognizes that the natural order of the discussion is to treat it as such. (See vol. i. pp. 535, 536.)

## VI.

For a score of years longer, the wages fund doctrine passed for a final solution of the question, and was cherished as a corner-stone of economic science. Attacked finally by Longe, Leslie and Thornton, and suddenly abandoned by Mill, a last rally in its support was made by Mr. J. E. Cairnes, who undertook to rehabilitate it by introducing certain modifications which in his opinion were needed to its completion and final establishment.

It is Cairnes's merit, that he first asked, what determines the amount of the wages fund. He was led to recognize that the wages fund constitutes at different times very different proportions of the whole capital. Mr. Torrens had already sought the amount of the wages fund by

deducting from capital the implements and materials needed for the laborer's outfit, but he had failed to observe that this amount is a variable one, and his thought had lain unfruitful. Mr. Cairnes (in his *Leading Principles of Political Economy*, published in 1874) gave it fresh vitality, by showing that there are, at different times, differences in the proportion between the wages fund and capital, corresponding to differences in the national industries and methods of production. It is clear that if we knew the number of laborers, and the average amount of instruments and materials needed to set each one at work, we should know the total amount of instruments and materials; and, deducting these from the total capital, we could arrive at the amount available for distribution in wages, or the wages fund. This is Cairnes's view, which so far is correct. But, unfortunately, Cairnes, in his turn, fails to inquire into the causes of the existing industries and methods.

One set of these causes is to be found in the character of the natural resources of any country, another in the state of the arts, and a third in the nature of human desires. If all of these things were invariable, or if, at least, none of them varied under the influence of price, then Cairnes's explanation would exhaust the causes which go to make up the rate of wages; and in spite of the strange consequences to which it leads, his position would be impregnable. For then the national industries and their prevailing methods of production would be really fixed independently of the rate of wages, and would decide what stock of implements and materials must be assigned to each laborer. By designating in this manner the amount of auxiliary capital, they would designate by implication the amount left for remuneratory purposes, *i. e.*, the wages fund.

But the price of labor does affect the choice of the industries and methods which prevail. It influences desire, because it affects the relative price of the objects of

desire, in so far as labor enters into their production in different proportions. It therefore affects the choice between the industries which produce different kinds of goods, by reason of its influence on the desire for those goods. It also affects the choice between different methods of producing the same goods, by enhancing or cheapening the cost of those methods into which labor more largely enters, as compared with those into which the use of fixed capital enters more largely. In these ways the price of labor does potently affect the demand for labor, and no explanation of the phenomena of wages will hold good which ignores this fact. Indeed, it is less proper to speak of the wages fund as the source of wages than as their sum or aggregate.

One startling consequence of his own theory, Cairnes himself points out. Since the amount of auxiliary capital varies directly as the number of laborers, and increases in the same ratio as they increase, it follows when the amount of capital is unchanged, that as laborers increase, the fund for paying wages diminishes, while of this diminished sum each wage-earner receives a diminished share. The more there are to divide the wages fund among, the smaller will the wages fund be. In other words, the aggregate of wages paid to laborers will be in inverse ratio to the number of the laborers, and that diminished aggregate will be shared among a larger number of recipients.

Cairnes, however, dismisses this as being without important practical consequences. But let us inquire more specifically what the consequences are. For our present purpose, we may assume that there is in the United States for every 1,000,000 laborers, a total capital, speaking roughly, of \$2,000,000,000, or \$2,000 per head. If \$1,600 of auxiliary capital per head, or a total of \$1,600,000,000 is needed, the wages fund will get the remainder, which is \$400,000,000, or \$400 per head. If we further suppose that the returns for merchandise are received, on the average, one year after the labor employed about it, this fund will



be distributed once every year, making an average wage of \$400 for every laborer, which amount is perhaps not very far from the actual average. If now, where there are already 1,000,000 laborers, there should be introduced a fresh body of 100,000, there will be required \$1,760,000,000 for auxiliary capital, at the old rate of \$1,600 per head. This will leave \$240,000,000 for the wages fund, which sum, divided as before, once a year, among the whole number of laborers, which is now 1,100,000, will yield a wage of \$218.18 a year for each. Should another 100,000 emigrants arrive, the wages fund will fall to \$80,000,000 and the average wage to \$66.67. If 50,000 more arrive, the whole capital will then be absorbed in auxiliary purposes, and the wages fund will dwindle to nothing. If still more immigrants arrive, they must of very necessity be idle, even though willing to work without pay, for there would be no capital to supply them with tools and materials.

A theory, by virtue of which an addition of twenty-five per cent. to the number of laborers will abolish wages, is obviously absurd, and this absurdity is heightened when we consider that the same result would follow from any such increase in efficiency as would enable a single laborer to manipulate an increased amount of implements and materials; the very productiveness of labor curtailing wages in the same way as an increase in the population.

Probably Cairnes would have admitted that, short of the results just described, the price of labor would change, and would bring about a change in the prevailing industries and methods; that the abundance and cheapness of labor would obtain for it new avenues of employment, where less implements would be used; and that capital, grown scarce and dear, would be reserved for those employments where it is most urgently needed. But if these things occur on a great scale, where the increase of capital or labor is great, they would no less occur in a corresponding degree for every change, however small, in the relative amounts of labor and capital. This is but saying that, so far as



concerns the relative amounts of capital and of labor employed, the national industries and methods depend in part upon the rates of interest and wages. In vain does Cairnes endeavor to explain the demand for labor independently of its price; his own reasoning, when pushed to its legitimate consequences, demonstrates the influence of price.

## VII.

Mr. T. D. Longe and Mr. T. E. Cliffe Leslie, the former in a pamphlet entitled *Refutation of the Wage Fund Theory of Modern Political Economy*, published in 1866, the latter in an article in *Fraser's Magazine* for July, 1868, both made vigorous onslaught on the wages fund theory. The decisive blow, however, was given when Mr. William T. Thornton, in 1869, published his treatise on *Labor*, and when Mr. Mill hastened (in the *Fortnightly Review*, May, 1869) to give in his adhesion to Thornton's opinion, and to renounce, with a good deal of emphasis, the doctrine which he had himself helped to frame.

Thornton was not content, however, with demolishing the wages fund. The whole theory of value was involved in his objections. In support of his attack upon it, he alleges some instances where the equation of supply and demand fails, and he claims that because it fails in them it never acts at all; much as though one were to deny the power of gravity because the solar system does not collapse. The exceptions which he adduces all fall into one or other of two classes. In one class the equation of supply and demand fails to fix the price because the demand does not vary when price varies; in the other class it fails because the slightest variation of price occasions an excessive change in the demand, so that at one price demand might exceed supply, while at the slightest advance in price it would fall short of supply. In the former case there may be many prices at which supply and demand would be equal. In it the failure of the equa-

tion of supply and demand is due to the immobility of the demand; while in the second case it is due to its excessive mobility. Such cases may occur in a restricted market; but being expressly founded on a suspension of the relation which generally exists between price and demand, they are exceptions of the kind which prove the rule.

Mill himself admits that they do not annul the general theory of value, and in this respect he repudiates the more ambitious part of Thornton's claims. He, however, believes labor to be an exceptional case, and, as far as it is concerned, he concurs with Thornton's views.

Let us listen to Thornton's own statement:

"The quantity of labor which an employer needs depends upon the work he wants to have done. If there are certain jobs which it is essential to him to get finished within a certain time, he will, if labor be dear, consent to pay pretty high for the quantity needed to complete the jobs within the time. But he will not, merely because labor happens to be cheap instead of dear, hire more than that quantity. . . . When an employer's demand for labor is fully supplied, he can have no demand left requiring to be supplied. If, at a given rate, he can obtain all the labor he is in a position to employ, he will not, merely because that rate happens to be a low one, either hire additional labor for which he has no employment, or voluntarily raise the rate, instead of retaining the difference for himself, and either spending it upon himself or laying it by."—THORNTON, *On Labor*, 2d ed., 1870.

Mill reëchoes the same thought, and to the question, "Does the employer require more labor, or do fresh employers of labor make their appearance, merely because it can be bought cheap?" he makes answer, "Assuredly, no!" (*Fortnightly Review*, May, 1869.)

If this be true, the equation of supply and demand must obviously fail, leaving price to be fixed by the higgling of the market, with the result dependent upon the relative power and dexterity of the parties to the exchange. It would seem proper in announcing so startling an opinion, to advance some evidence of its truth, and to tell why

mankind, who are governed by price in their demand for everything else, should so totally disregard its influence in the case of labor. If "the quantity of labor which an employer needs depends on the work he wants to have done," we ought to be told what determines how much work he does want to have done. Are we to understand that human desires are a fixed sum, and that they are already so fully satisfied that they would reject the opportunity for greater gratification? For otherwise a fall in the price of labor, as in the price of anything else, will enlarge the opportunity for indulging in these gratifications? There is nothing which ministers to so many wants as labor does; among them all is there none capable of expansion upon opportunity? After all, is it not true that the amount of "the labor he (the employer) is in a position to employ" is limited only by the means he possesses?

Let us see where Thornton's doctrine leads. If supply should exceed demand, the unemployed laborers would underbid the market; but this would be in vain, for, by the very terms of the supposition, no more work could be had; and yet, the more the price of labor fell the more keenly would laborers compete. Nothing could arrest the downward course of wages, short of the point where laborers would prefer to starve in idleness rather than work for less than would sustain life. Nor does Thornton hesitate at what is practically an avowal of this, for he asserts that the normal condition of the laborer is on the verge of starvation.

He has no substitute to propose for the wages fund theory more satisfying than the statement, that wages vary between a maximum and a minimum, and that the actual rate is the result of what it is not too strong to designate as industrial war. Of the maximum he says:

"If an employer were to confine his domestic expenditure within the very narrowest bounds, were to spend on his plant only just so much as was necessary to keep it in working order, and were to purchase only just so much raw material as it was necessary for him to work

up in order to go on working remuneratively, the remainder of his capital would represent both the utmost amount at his disposal for the payment of wages, and also an amount which he both could afford to spend, and would actually spend on wages, rather than not get the quantity of labor he required." (P. 86.)

Of the minimum he says :

"They cannot, of course, force the men to take less than they can live upon, but they both can and do force them to take as little more than the bare means of subsistence as it pleases them to offer. Thus, in a normal state of things—in a state, that is, in which laborers are too poor to combine (and throughout the world's history poverty has hitherto been, at most times and in most places, the normal condition of labor)—the price of labor is determined not by the supply and demand, which never determined the price of anything, nor yet generally by competition, which generally determines the price of everything else; but by combination among the masters. Competition in a small minority of cases, combination in a great majority, have appeared to be normally the determining causes of the rates of wages or price of labor." (P. 108.)

He finds the remedy in combinations by the laborers to raise wages. He would have them pit combination against combination. His teaching thus resolves the whole wages question into an implacable struggle between employer and employed, to be determined only by their relative skill and power of endurance, or, in other words, by craft or force; a clear case of "Pull, Dick; pull, Devil."

The wages fund theory attempted to regulate wages by an automatic mechanism, and taught that all efforts to raise or lower wages were useless. It was often used to preach down discontent, or to inculcate a contented resignation with the existing state of things. At first sight, Thornton's view seems to free the laborers from the bondage of this law, and to open to them prospects of almost unbounded hope; but, alas! these fair shows dissolve into vistas of interminable agitation, conflict, and discord.

Such a doctrine of wages, for we cannot call it a law of wages, is, perhaps, the most dispiriting to the friends of

human progress of any ever proposed, and all the more so because it fosters deceptive hopes.

The whole groundwork of Thornton's theory is radically false. The demand for labor is as surely affected by its price as is the demand for any other thing. Every fall in the price of labor extends the demand; every rise causes it to contract, and leads to the substitution of some other form of expenditure. It is true that labor enters into every form of expenditure, but not in the same degree in each. When buying personal services, such as those of teachers, policemen, or domestics, the outlay is almost purely for wages; wages form the principal part also in the price of hand-made commodities, such as laces. The rent of buildings, on the other hand, represents mainly interest on capital; the same is true of steamship rates, and in a less degree of railroad rates also. The proportion of price which represents wages varies infinitely, as between various commodities. But the demand for each commodity is influenced by its price. Just so far, therefore, as labor enters into the production of each of them respectively, just so far does the relative demand for them affect the demand for labor.

The price of labor, therefore, governs, in a sensible degree, the distribution of expenditure. But this is not the only way in which it affects the demand for labor. The same things can often be produced in various ways, employing different proportions of labor, and of implements and materials. The cheapest method will always be pursued, and one of the chief elements in determining which method is cheapest is the price of labor. One conspicuous illustration is found in the competition between labor and labor-saving machinery. But having treated this subject fully elsewhere,<sup>1</sup> I shall not discuss it further here.

<sup>1</sup> Quarterly Journal of Economics, October, 1888, and July, 1889; also Publications of the American Economic Association, March, 1889.



Although the specific ground of Thornton's attack on the wages fund theory is untenable, it nevertheless drove that theory from its position of undisputed authority. Indeed, it required but little critical observation of that theory to display its emptiness. It has since been the object of repeated attacks, until it has now practically passed into the limbo of abandoned theories. In England, the land of its birth, it has scarcely had a conspicuous defender since the death of Henry Fawcett. Nevertheless, Thornton's lively attack, and Mill's hasty capitulation, will long be remembered as a dramatic episode in the history of Political Economy.

Thornton's theory is founded on the assumption that the demand for labor is fixed independently of its price; and we must admit that his inference follows conclusively from this premise. He opposes his teaching to the wages fund theory, and no two theories could well be more diverse. Yet the wages fund theory itself reposes on the same assumption, namely, that the demand for labor is independent of its price; and no less than Thornton's teachings, it follows with equal conclusiveness from what seems to be an identical premise.

A very little examination, however, shows that Thornton meant by demand for labor the quantity of labor demanded; while the advocates of the wages fund theory meant by the same term the quantity of commodities offered in exchange for labor. Yet Thornton (page 83), in describing the wages fund theory, uses the words "demand for labor" in the sense appropriate to that theory, and does not perceive how different this meaning is from that which he elsewhere gives them. And Mill, who supports both theories in turn, appeals with equal confidence in each case to the same premise, only giving the same words, as contained in it, a different meaning. To complete the comedy, it was only necessary that this premise



should be, as it was, in both senses absolutely false, and inconsistent with Mill's other teachings.

I believe that no science quite equals Political Economy in the facility which it affords for using the same terms in absolutely different meanings without being found out. This may lend a charm to its study for those who enjoy humor; and when the different meanings are not only used by the same author, but jostle each other on the same page, the ludicrous effect is doubtless enhanced. Yet these vagaries do not conduce to strict scientific thinking, nor do they heighten the respect with which the science is regarded by those who lack the humorous sense.

#### VIII.

Up to this point in the history of the theory of wages it has been possible to trace a continuously progressive movement in the teachings of economists, as shown in the development and in the downfall of the wages fund theory. From this time out there is no such regular tendency discernible. No new doctrine has replaced the abandoned theory, or obtained the same general assent of scholars or of laymen. Here, then, is a fitting place to pause before examining the drift of recent and of contemporaneous thought on this subject.

STUART WOOD.

*Philadelphia.*

## RAILROAD PASSENGER TARIFFS IN AUSTRIA.

THE October number of the ANNALS contained a communication from the General Traffic Manager of the Austrian State Railways relating to the new system of passenger fares introduced on those roads, June 16, 1890. We then promised a fuller account of the system in a later number. The following pages contain the more important provisions of the law taken from the book of instructions issued by the Austrian Government for the use of the public and railway officials.<sup>1</sup> Many of the provisions in regard to special cars, special trains, sleeping-cars, etc., are essentially the same as those contained in the Hungarian Instruction-book, formerly printed in the ANNALS,<sup>2</sup> and are therefore omitted here.

### I. RAILROAD LINES TO WHICH THE FOLLOWING TARIFF REGULATIONS APPLY.

The following regulations apply to all Government railroads, and to all private railroads under Government control, except the following private railroads:

Böhmisch-Leipa-Niemes, Chodau-Neudek, Elbogen-Neusattl, Kaschitz-Radonitz, Nusle-Vrsovic-Modran, Potscherad-Wurzmies, Mährische Westbahn, Olmütz-Cellechnitz, Vöcklabruck-Kammer, Wels (Haiding)-Aschach, Wittmansdorf-Ebenfurth, Gleisdorf-Weiz, Lemberg-Betzec (Tomaszow), Kolomeaer local railroads, Bukowinaer local railroads.

On the above-mentioned railroads the present tariff remains in force until further notice.

In the calculation of transportation rates the railroad

<sup>1</sup> Tarife und Tarifbestimmungen für den Transport von Personen und Reisegepäck. Gültig vom 16 Juni, 1890. Wien, 1890.

<sup>2</sup> See article in ANNALS OF THE AMERICAN ACADEMY, vol. i. No. 1, July, 1890, entitled, "Railroad Passenger Fares in Hungary," p. 103.

lines within the territory to which this tariff applies, in so far as they are not separated by railroads not under Government control, are considered as one system.

The following private railroads are the only exception to the above:

Prag (Smichov)-Obernitz-Brux-Moldau, Dux-Ladowitz-Osegg-Bodenbach, Osegg-Komotau, Hannsdorf-Liegenhals, Mösel-Hüttenberg, Fehring-Fürstenfeld. With respect to these the fare is not based on a calculation in connection with the other roads, but the rate of charge is made anew to and from all connecting points.

## II. REGULATIONS RELATING TO PASSENGER TRAFFIC.

### I. PRICE OF PASSAGE.

By the purchase of a railroad ticket the passenger does not acquire the right to the free transportation of any baggage except hand-baggage.

#### A. *General Passenger Rates.*

The prices of tickets (except the additional sums resulting from the division into zones) are based upon the kilometre: for the 3d class at 1 kreutzer the kilometre; for the 2d and 1st classes at two and three times this amount, respectively.

On express trains 50 per cent. increase is charged for all classes.

The fundamental rates, then, are, per kilometre, for the passenger and mixed trains: 1 kreutzer (0.4c.) for the 3d class, 2 kreutzers (0.8c.) for the 2d class, and 3 kreutzers (1.2c.) for the 1st class. Similarly for express trains: 1.5 kreutzer (0.6c.) for the 3d class, 3 kreutzers (1.2c.) for the 2d class, and 4.5 kreutzers (1.8c.) for the 1st class. The distances from each station, or stopping-place, are uniformly divided into fixed distances, or zones, within which, in calculating the passenger fares, each distance is reckoned to the final station of the zone—thus: the first 50 kilometres are divided into 5 zones of 1 myriametre (10 kil.) each; the following 30 kilometres, into 2 zones of 1½ myriametres (15 kil.) each;

the following 20 kilometres, into 1 zone of 2 myriametres (20 kil.) each; the following 100 kilometres, into 4 zones of  $2\frac{1}{2}$  myriametres (25 kil.) each; so that the first 200 kilometres are divided into 12 zones. The distances over 200 kilometres are divided into zones of 50 kilometres each.<sup>1</sup>

The actual fares to be paid, then, can be seen from the following table:

Zone.	Kilometre.	ONE PERSON. [Kreutzer Austrian value, stamp included.]					
		Passenger and mixed trains.			Express trains.		
		Class			Class		
		III.	II.	I.	III.	II.	I.
1	1 to 10	10 <sup>2</sup>	20	30	15	30	45
		0.04	0.08	0.12	0.06	0.12	0.18
2	11 " 20	20	40	60	30	60	90
		0.08	0.16	0.24	0.12	0.24	0.36
3	21 " 30	30	60	90	45	90	135
		0.12	0.24	0.36	0.18	0.36	0.54
4	31 " 40	40	80	120	60	120	180
		0.16	0.32	0.48	0.24	0.48	0.72
5	41 " 50	50	100	150	75	150	225
		0.20	0.40	0.60	0.30	0.60	0.90
6	51 " 65	65	130	195	98	195	293
		0.26	0.52	0.78	0.39	0.78	1.17
7	66 " 80	80	160	240	120	240	360
		0.32	0.64	0.96	0.48	0.96	1.44
8	81 " 100	100	200	300	150	300	450
		0.40	0.80	1.20	0.60	1.20	1.80
9	101 " 125	125	250	375	188	375	563
		0.50	1.00	1.50	0.72	1.50	2.25
10	126 " 150	150	300	450	225	450	675
		0.60	1.20	1.80	0.90	1.80	2.70
11	151 " 175	175	350	525	263	525	788
		0.70	1.40	2.10	1.05	2.10	3.15
12	176 " 200	200	400	600	300	600	900
		0.80	1.60	2.40	1.20	2.40	3.60
13	201 " 250	250	500	750	375	750	1125
		1.00	2.00	3.00	1.50	3.00	4.50
14	251 " 300	300	600	900	450	900	1350
		1.20	2.40	3.60	1.80	3.60	5.40

<sup>1</sup> The kilometre is equal to 0.621 of an English mile. The first five zones, therefore, contain each a little over 6 English miles; the sixth and seventh zones have each nearly  $9\frac{1}{4}$  miles; the eighth has  $12\frac{1}{4}$  miles; the ninth, tenth, eleventh, and twelfth,  $15\frac{1}{4}$  miles each. Every succeeding zone contains 31.05 miles.

<sup>2</sup> Figures in upper line of each set are kreutzers; lower line dollars and cents. The florin is reckoned at 40 cents.

The actual charge made for tickets appears from the preceding table, except when different rates must be made to meet competition. The price of the ticket increases by 50 kreutzers for every 50 kilometres or fraction thereof, after 200 kilometres is reached. The actual division of the stations into zones can be seen from the zone-charts which are posted in each station, and from the table of rates. These are also issued (together in one book) for the combined lines.

*B. Subscription Tickets (Yearly Tickets).*

Yearly tickets are issued:

(a) Good on all lines upon which this tariff is in force. The price of such a ticket is, for the 1st class, \$120.00 (300 fl.); for the 2d class, \$80.00 (200 fl.); and for the 3d class, \$40.00 (100 fl.).

(b) For small distances, exceeding, however, 50 kilometres, the price of such a ticket varies according to the length of the journey, and can be seen from the official tariff table, which gives the prices for all tickets up to full yearly tickets good for all lines. If yearly tickets for smaller distances are desired upon connecting lines by means of which the whole or part of the return trip can be made by another route, the price for the longest route will be charged.<sup>1</sup>

<sup>1</sup> From a letter addressed to Editors of the ANNALS by Dr. Wessely, General Traffic Manager of the Austrian roads, dated November 7, 1890, it appears that these full yearly tickets entitle the holder to ride as often as he pleases on any part of the lines embraced in the system. The system now includes a network of roads more than 6500 kilometres in length, a little over 4000 miles. The ticket consists of a small book containing the photograph of the holder, a copy of the Regulations pertaining to tariffs, and a list of the roads on which it is good.

Yearly tickets for small distances are also sold at a very great reduction. Thus a yearly ticket entitling to ride a distance of 50 kilometres as often as one pleases is sold for \$18.40, \$27.60, \$36.80, for the three classes respectively; tickets for 100 kilometres, at \$24.90, \$36.80, and \$49.20; for 200 kilometres, at \$36.80, \$55.20, and \$73.60, etc., with rates for all distances between these. The rate for 224 kilometres, third class, is \$40.00, and for this sum a full yearly ticket can be purchased. The same condition is reached at 334 kilometres for the second class, and 389 kilometres for the first class.

Both kinds of yearly tickets—full and partial—are issued in the name of the holder, and must be signed in his own hand, and his photograph must be affixed to the ticket.

Each yearly ticket is good exclusively for the person in whose name it is drawn up. It can be used for all scheduled trains except the Oriental Express.

*C. Reduced Rates.*

(a) The following persons can ride free :

Children under two years of age, accompanied by an adult.

When several children under two years are accompanied by a single person, two children only travel free ; for each of the others half fare is to be paid.

(b) The following classes of persons can travel for half fare :

1. In all classes of cars :

(a) Children from two to ten years old. There is no further reduction for children in cases 2a-e.

If there is any doubt as to the age of the children, the judgment of the highest railroad official present at the time of the inspection is final.

(b) Pupils of all public educational institutions travelling for the purpose of attending school and furnished with the proper legitimation, valid for one school year. The tickets contain the name of the holder and the certificate from the proper school authority of the actual attendance of the pupils.

These tickets are issued only for distances up to 50 kilometres.

2. In third-class cars of passenger and mixed trains:

(a) Laborers (journeymen, factory hands, apprentices and the like, both men and women) furnished with a certificate from their employers and the municipal authorities that they belong to this class. This privilege is granted for distances up to 50 kilometres.

These certificates are good for a calendar month and can



be used, except on Sabbaths, for daily travel between the home station and the station of employment on payment each time of half a third-class ticket.

*The Use of More Than One Ticket for a Single Trip Prohibited.*

The lowering of the rate for a through trip by using two or more zone-tickets for short distances, in place of the regular ticket for such a trip, is not allowed. The regular rate, according to the tariff, must be calculated for the through trip to the end of the zone in which the traveller's station of destination is situated. This regular rate must, under all circumstances, be paid. It may be paid at the beginning of the journey, or, in case the journey has been extended beyond the limit at first intended, and proper notification thereof has been given, the additional sum may be paid while on the journey.

The attempt to reduce the rate for a through trip by means of two or more zone-tickets for shorter distances, in place of a regular ticket for such a trip, is considered an evasion of the printed tariff. The traveller in question will be regarded as not having a legitimate ticket for the entire journey, and will be treated according to Regulations, II. 8.

BAGGAGE REGULATIONS.

Hand-baggage may be taken into the car and placed in the over-head racks in proportion to the amount of space to which the passenger is entitled, provided fellow-passengers are not annoyed thereby and that customs and revenue regulations permit. Such articles are free of charge and must be cared for by the passenger himself.

All other baggage will be received after the baggage rates, reckoned in accordance with the following tariff, is paid.

*Baggage Tariff and General Regulations.*

For each 10 kilogrammes of baggage carried one kilometre, a charge of  $\frac{8}{10}$  of a mill (0.2 kr.), stamp included, is made.

There is no additional charge for taking care of and handling baggage.

The minimum baggage charge is 4 cents (10 kr.).

The baggage charge must be paid when the baggage is deposited, otherwise it will not be forwarded.

Only such articles as are personal effects will be carried as baggage, such as trunks, travelling bags, hat-boxes, small boxes, etc., also travelling salesmen's sample trunks.

*Additional Charge for Declaration of Value.*

In the case of declaration of value, the extra charge amounts to two per thousand for every 150 kilometres or fractional part thereof. By the payment of a similar charge the arrival of the baggage on time may be insured.

Baggage may thus be insured to the value of 250 gulden (\$100) for 50 kreutzers (50c.) to the distance of 150 kilometres, or \$2.00 to the distance of 1500 kilometres.

The provisions relating to storage charges, fines, dogs, stop-over privileges, loss of tickets, etc., are so similar to those in the Hungarian laws,<sup>1</sup> that they are omitted here.

Translated by

JANE J. WETHERELL.

<sup>1</sup> See ANNALS OF THE ACADEMY, for July, 1890, pp. 109 and following.

## PROCEEDINGS.

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### THIRD SESSION.

The Third Scientific Session of the Academy was held in Philadelphia on Thursday, the 13th of November, 1890, at 1520 Chestnut street, at 8 P. M.

The President congratulated the Academy upon the success which had attended the organization. The steady and continuous increase of the number of members was a matter of great congratulation. At that time the membership numbered 1200, with ample evidence that the interest in the work and objects of the Academy would bring to it many more.

The Corresponding Secretary announced that since the last session of the Academy the following papers had been submitted to it:

14. By Dr. Charles M. Andrews, of Bryn Mawr: *The Beginnings of Connecticut Towns*. Printed in October ANNALS.

15. By Dr. J. H. Robinson: *Original and Derived Features of the Constitution*. Printed in October ANNALS.

16. By Miss Henrietta Leonard: *Method in Political Economy*, translated from the German of Professor Böhm-Bawerk. Printed in October ANNALS.

17. By Professor E. Böhm-Bawerk, Vienna: *The Austrian Economists*. Printed in current ANNALS.

18. By D. G. Ritchie, M.A., Oxford: *The Conception of Sovereignty*. Printed in current ANNALS.

19. By Professor W. J. Ashley, Toronto: *The Character of Villein Tenure*. Printed in current ANNALS.

20 and 21. By Professor F. N. Thorpe: *Memoir of the late Judge J. A. Jameson*; and, *Are the State Governments Decaying?*

22. By Miss E. S. Lord, Smith College: *International Arbitration*.

23. By Professor F. M. Taylor, Michigan: *Natural Law*.

24. By Mr. J. Q. Adams: *The Administration of Schools in Prussia*.

25. By Mr. J. H. Gray: *Meeting of the Verein für Sozialpolitik*.

26. By Mr. Carl Plehn, on the same subject.

27. By Mr. E. P. Cheyney: *An American Collection of Archives of the French Revolution*.

Professor Holcomb read his paper (No. 5) on "Our National Bureau of Education." In it he sketched the growth of a function of our central Government which seemed destined to be of ever-increasing importance, namely, the collection of information on a great variety of topics. Prominent in this work is the National Bureau of Education, whose inception was due to the deep concern excited by the educational problems which rose into prominence on the close of the Civil War. Whatever may be or may not be the scope of Congressional legislation on this subject, it was felt that something must be done in the way of better statistics than could be obtained through the decennial census. Hence the formation of the Bureau, which has since developed a very many-sided activity, and could render even more efficient services to the cause of education in this country if more adequately equipped. A plea was made for larger appropriations for the Bureau, for its reorganization as a separate Department of Education, with a Secretary having a salary equal to that of members of the Cabinet without his being a member of that body, and for the erection of a suitable building to contain the educational museum, the library, and the administrative offices of the department. The

members of the Academy were appealed to to lend their aid in urging the desired legislation.

Professor Thorpe then read his paper (No. 21) on the subject "Are the State Governments Decaying?" At the desire of the author the paper is withheld from publication. Remarks were made by Professors Patten and Giddings, Messrs. Falkner and Wood.

Mr. Cheyney then read in abstract the paper (No. 19) presented by Professor Ashley and printed in the current ANNALS. In the discussion which followed, Mr. Henry J. Hancock dissented from Professor Ashley's position, holding to the opinion of the older writers, which in his view was supported not only by the direct evidence of the law books and historical research in England, but also by all the analogies to be drawn from other peoples in the early stages of their development. Rev. Dr. MacIntosh called in evidence the "Ulster tenant-right" as furnishing an argument against Professor Ashley's view. There the system of land-holding combated in the paper was clearly in vogue before the English possession, and it seemed proper to infer that it was a method obtaining everywhere under more or less primitive conditions.

Session adjourned at 9.45 P. M.

## PERSONAL NOTES.

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### AMERICA.

**Michigan.**—In the University of Michigan Professor Frederick M. Taylor has charge of Professor Adams's work during the current half-year. Professor Taylor was born at Northville, Mich., and studied at the Northwestern University, where he took his degree of A. B. in 1876, and his Master's degree in 1879. In the same year he was appointed Professor of History and Politics at Albion College, Michigan. On leave of absence he studied at Johns Hopkins during a part of 1884, and devoting a part of each week to study at the University of Michigan during 1887-88 he secured the degree of Ph.D. from that institution in 1888. His thesis on "The Ethical Genesis of the State" will be printed this winter.

### AUSTRIA.

**Vienna.**—In Lorenz von Stein, one of the most acute, prolific, and learned teachers and writers in political economy has gone to his rest. Not that he was the founder of a school which to-day counts its adherents by the score, for this can in nowise be said of him. But a host of fructifying and fertile suggestions in all fields of economic science has been the result of his labors.

He was born on the 15th of November, 1815, at Eckenforde, in Schleswig. His early education was at the military school and the gymnasium at Flensburg, whence he went in 1835, to the University of Kiel, and later to Jena, where he devoted himself mainly to philosophical and legal



studies. After completing his legal studies he went, in 1839, to Copenhagen, where he obtained a position in the Government office for Schleswig-Holstein. But further scientific work drew him to the university again, and at Berlin he took the degree of Doctor of Laws. For some time after this he resided in Paris, where he continued his studies in legal history, and began especially to take an interest in the socialistic ideas and agitation of that time. In the year 1846 he was called as extraordinary professor to the University of Kiel. He took an active part in the political life of the duchy, and when, in 1850, the supremacy of Denmark in the duchies was fully established, Stein, with eight other professors of the University of Kiel, was repaid for his energetic and determined stand in favor of the independence of the duchies by the loss of their positions. In 1855 Stein received a call as Professor of Political Economy to the University of Vienna, and here he labored uninterruptedly and untiringly with brilliant success, until his retirement from active work in 1888. He died on the 23d of September, 1890, at his country seat at Weidlingau, near Vienna.

Stein's writings are remarkable for their acute, suggestive thought and brilliant style. His two chief works, his *Geschichte des Sozialismus und Kommunismus Frankreichs* and his *Finanzwissenschaft*, will always remain notable works in the field of special investigation. For his history of French socialism Stein had made studies, when still quite a young scholar, among the leading men of the movement itself. His work is to-day one of the best that we have on socialism, and the more recent historians have contented themselves usually in simply copying Stein.

Among the brilliant qualities of Stein's works one should not forget their weak points. Stein is a blind adherent of Hegelian dialectics. He is apt, in the consideration of an historical epoch, to pass by the actual course of events, and to consider certain ideas as characteristic of the epoch. He then designates, with much

plausibility, yet often in a very questionable manner, the different steps of the historical development as the development of certain ideas, even when he is obliged to resort to the boldest hypotheses in order to justify such a historical conception. In addition, we must note a further failing, and that is that he is not always careful and reliable in the citation of facts and figures.

These are, however, but slight objections, that do not detract from the great services rendered by this keen thinker, whose far-seeing eye enabled him to predict fifty years ago the era of monarchical social reform. In addition to his literary and professorial interests, Stein took an active part in commercial life, and participated in railroad and other stock ventures. Fortune did not always smile on him here, and it was the irony of fate that the theoretical master of finance was forced to go into bankruptcy. Among his other qualities, one that rendered him especially popular in Austria was his oratorical power, which never failed to thrill his auditors at the University of Vienna with enthusiasm. The extent and variety of his literary activity can be gathered from the long list of his writings.

KARL DIEHL.

*Halle, Germany.*

#### LIST OF STEIN'S WRITINGS.

Die Geschichte des dänischen Civilprozesses und das heutige Verfahren. Kiel, 1841.

Der Sozialismus und Kommunismus des heutigen Frankreichs. Ein Beitrag zur Zeitgeschichte. Leipzig, 1842; 2d ed., 2 vols., Leipzig, 1847.

Die Munizipalverfassung Frankreichs. Leipzig, 1843.

Geschichte des französischen Strafrechts und Prozesses. (In Warnkönig und Stein's französische Staats- und Rechtsgeschichte. Basel, 1846.)

Die sozialistischen und kommunistischen Bewegungen seit der dritten französischen Revolution. Anhang zum Sozialismus und Kommunismus. Paris, 1848.

Einleitung in das ständische Recht der Herzogtümer Schleswig und Holstein. Kiel, 1847.

Denkschrift über die Zollverhältnisse der Herzogtümer Schleswig und Holstein. (Aus der Zeitschrift für deutsche Statistik, 1848, Hefte 2-4.)

La Question du Schleswig-Holstein. Paris, 1848.

Geschichte der sozialen Bewegung in Frankreich von 1789 bis auf unseren Tagen. 3 vols. Leipzig, 1850. Vol. I. Der Begriff der Gesellschaft, und die soziale Geschichte von französischen Revolution bis zum Jahre 1830. Vol. II. Die industrielle Gesellschaft, der Sozialismus und Kommunismus Frankreichs von 1830-48. Vol. III. Das Königtum, die Republik und die Souveränität der französischen Gesellschaft seit der Februar Revolution, 1848. A second edition in 1855.

Die Lebensaufgabe der Hausfrau. 1st ed. (anon.) 1851; 2d ed. 1853; 3d ed. 1890.

Rechtliches Gutachten über die Fortdauer der Schleswig-Holsteinischen Staatspapiere. Grünau, 1852.

System der Staatswissenschaft. 2 vols. Stuttgart, 1856. Vol. I. System der Statistik Populationistik und der Volkswirtschaftslehre. Vol. II. Die Gesellschaftslehre.

Die Grundlagen und Aufgaben des künftigen Friedens. Wien, 1856.

Die neue Gestaltung des Geld- und Kreditwesens in Oesterreich. Wien, 1856.

Oesterreich und das Reich. Wien, 1856.

Lehrbuch der Volkswirtschaft. Zum Gebrauch für Vorlesungen und zum Selbststudium. Leipzig, 1860. 2d ed. 1879; 3d ed. 1875; 4th ed. 1878; 5th ed. 1885-86.

Studien über das stehende Heer. 1860.

Die Verwaltungslehre. Parts I.-VII. Stuttgart, 1865-68. Part I. Die Lehre der vollziehende Gewalt, 2d ed. 1869. Part II. Die Lehre von der inneren Verwaltung. Division 1. Das Bevölkerungswesen und sein Verwaltungsrecht. Part III. Die innere Verwaltung. (2) Das öffentliche Gesundheitswesen. 2d ed. 1882. Part IV. Die innere Verwaltung. (3) Das Polizeirecht. Part V. Division 2. Das Bildungswesen. (1) Das Bildungswesen der alten Welt. (2) Das Bildungswesen im Mittelalter. (3) Die Zeit bis zum 19ten Jahrhundert, 1883-84. Part VI. Die innere Verwaltung. Die allgemeine Bildungswesen, Section 2. Bildung und die Presse. Part VII. Die innere Verwaltung, Division 3. Die wirtschaftliche Verwaltung (Volkswirtschaftspflege) Die Entwährung, Grundentlastung, Ablösung, Gemeinheitsteilung, Enteignung und Staatsnothrecht.

Handbuch der Verwaltungslehre und des Verwaltungsrechts. Stuttgart, 1870; 2d ed. 1876; 3d ed. 1887.

Die Lehre vom Heerwesen. Als Theil der Staatswissenschaft. Stuttgart, 1871.

Zur Eisenbahnrechtsbildung. Wien, 1871.

Alpenrosen. Gedichte. Stuttgart, 1873.

Die Frau auf dem Gebiete der Nationalökonomie. Stuttgart, 1875; 2d ed. 1876; 3d ed. 1886.

Gegenwart und Zukunft der Rechts- und Staatswissenschaft Deutschlands. Stuttgart, 1876.

Lehrfreiheit, Wissenschaft, und Collegiengeld. Wien, 1875.

Der Wucher und sein Recht. Wien, 1880.

Die staatswissenschaftliche und die landwirthschaftliche Bildung. Berlin, 1880.

Die Frau auf dem sozialen Gebiete. Stuttgart, 1880.

Die drei grossen Fragen des Grundbesitzes: die irische, Die kontinentale, und die transatlantische. Stuttgart, 1881.

Bauerngut und Hufenrecht. Ein Gutachten. 1882.

Die Landwirtschaft in der Verwaltung, und das Prinzip der Rechtsbildung des Grundbesitzes. Drei Vorträge. Wien, 1883.

Stein was also editor of the following journals:

Centralblatt für Eisenbahnen und Dampfschiffahrt. Wien, 1861-87.

Zeitschrift für Eisenbahnen und Dampfschiffahrt der oesterreich-ungarischen Monarchie. 1888-90.

He was the author of the article "Polezei und Verwaltungsrecht," in v. Stengel's Wörterbuch des deutschen Verwaltungsrechts; and a contributor to the following periodicals: Finanzarchiv, Annalen des deutschen Reiches, Zeitschrift für die gesammte Staatswissenschaft, Leonhard's Congress, Unsere Zeit, Nord und Süd, Allgemeine Zeitung (formerly in Augsburg, now in Munich).

#### ENGLAND.

**Oxford.**—James Edwin Thorold Rogers, Professor of Political Economy at the University of Oxford, died on the 13th of October, 1890. Born in 1823, he received his early education at Southampton and King's College, London. Subsequently entering Magdalen Hall, Oxford (now Hertford College), he won the distinguished success of a first class in the final examination in *Literæ Humaniores*, and took his degree in 1846. For some time it seemed likely that he would become actively engaged in the High Church movement; he took orders, and contributed an

article to Orby Shipley's *Church and the World*. But his attention was attracted to economics by his friendship with Cobden, and in 1862 he was elected to the professorship of Political Economy at Oxford. In 1866 appeared the first two volumes of his monumental *History of Agriculture and Prices in England*, covering the period 1249-1400; and in 1868 his *Manual of Political Economy* for schools. Owing to a certain soreness of feeling arising from university politics, Convocation, which had then the right of renewing the appointment from time to time, refused in 1868 to re-elect him to the professorship. From this time forward Mr. Rogers devoted his energies in a great measure to current politics. He gave up his clerical status, and, in 1874, stood as a candidate for Parliament at Scarborough. He did not, however, succeed in securing his election till 1880, when he was chosen at Southwark in the Liberal interest; and he lost his seat in 1886. For many years, however, he held the almost nominal Tooke Professorship of Economic Science at King's College. He wrote *Cobden and Public Opinion* in 1873; edited the *Protests of the Lords* in 1875, the *Speeches of John Bright*, and Gascoigne's *Liber Veritatum*; and in addition wrote a number of smaller popular works, of which perhaps the best is the *British Citizen*, 1885. In 1882 appeared the third and fourth volumes of his *History of Agriculture* for the period 1401-1583; and in 1885 he produced a popular account of his conclusions under the title *Six Centuries of Work and Wages*. Losing his seat in Parliament in 1886 he turned with fresh zeal to his researches, and was able to issue in 1887 the fifth and sixth volumes of his history (1584-1702), and the *First Nine Years of the Bank of England*. Finally, in 1888, he was re-elected to the Oxford professorship, and his *Economic Interpretation of History* may be regarded as his manifesto on resuming his old position.



## GERMANY.

**Bonn.**—Professor H. Dietzel, who succeeds the late Professor Nasse at the University of Bonn, was born in 1857 at Leipzig. He studied jurisprudence at Heidelberg and Berlin, taking his degree of Doctor of Laws at Göttingen in 1879, and that of Doctor of Philosophy at Berlin in 1882. He was on the point of becoming a privat-docent in Berlin, when he received, in 1884, a call as extraordinary professor at Dorpat. Assuming his duties in 1885, he was made ordinary professor in 1887. Called in 1890 to Bonn, he began his work there with the current semester. The list of his writings is as follows:

Ueber das Verhältniss der Volkswirtschaftslehre zur Sozialwirthschaftslehre. Inaugural Dissertation, Berlin, 1882.

Der Ausgangspunkt der Sozialwirthschaftslehre und ihr Grundbegriff (Zeitschrift f. d. ges. Staatswissenschaft, 1883).

Beiträge zur Methodik (Conrad's Jahrbuch, Neue Folge, Bd. ix.).

Ueber Wesen und Bedeutung des Teilbaus in Italien (Zeitschrift f. d. ges. Staatswissenschaft, 1884, 1885).

Karl Rodbertus. Bd. I. Jena, 1886. Bd. II. Jena, 1888.

Further reviews: Menger, Methode der Socialwissenschaften, in Conrad's Jahrbuch. N. F., viii. 107, 353; Schmoller, Zur Litteraturgeschichte der Staats- und Sozialwissenschaften, in Göttinger Gelehrten Anzeigen, 1889, pp. 721-741. And also, shorter essays: Papierrubel oder Silberrubel? in Baltische Monatschrift, 1888, pp. 306-331; Sozialpolitik des Fürsten Bismarck, in Nordische Rundschau, 1887, pp. 329-357; Die klassische Werththeorie und die Theorie vom Grenznutzen, in Conrad's Jahrbuch. N. F. xx. pp. 561-607.

**Heidelberg.**—At the University of Heidelberg the degree of Doctor of Philosophy has been conferred on Mr. Edward Luther Stevenson. Mr. Stevenson graduated at Franklin College, Indiana, with the degree of A. B., in 1881. Having studied from 1887-88 at Johns Hopkins University, and from 1888-90 at Heidelberg, he secured the Ph.D. degree on August 4, 1890. His major subject was History, his minors, Prussian History and Political Economy; and the title of his dissertation, *Ueber den Einfluss der amerikanischen Ideen auf den Gang der französischen Revolution.*

## SWITZERLAND.

**Geneva.**—Professor Louis Waurin, lately appointed ordinary Professor of Sociology and allied subjects at the University of Geneva, was at the time of his appointment extraordinary professor in the same institution. He was born at Geneva in 1846, and after completing his studies in his own country, went to Paris, where he graduated at the Sorbonne. He then spent two years in the United States. He has obtained two prizes offered by the Academy of Moral and Political Science of the French Institute, one of them being for the subject, "A Critical Study of the Doctrines Known Under the Name of Sociology." Besides occasional pamphlets, Professor Waurin has published *l'État et l'École*, a part of the other prize essay alluded to above, and in 1889 *Le Contribuable, ou comment défendre sa Bourse*—Paris, Alcan—a work in which economics and politics are mingled, and which was the subject of much praise and bitter criticism. Professor Waurin is a prominent contributor to the *Revue d'Economie politique*.

## BOOK REVIEWS AND NOTES.

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### REVIEWS.

A MANUAL OF THE CONSTITUTIONAL HISTORY OF CANADA. BY JOHN GEORGE BOURINOT, LL.D., F. R. S. Can., Clerk of the House of Commons of Canada. Pp. 238. Montreal: Dawson Brothers.

FEDERAL GOVERNMENT IN CANADA. By JOHN G. BOURINOT, Hon. LL.D., D. C. L., Clerk of the House of Commons, etc. Pp. 172. Baltimore: Johns Hopkins University Studies.

THESE books are from the pen of Dr. Bourinot, who has already given the scientific world several works on the Constitution and government of Canada which are excellent contributions to a class of literature in which Canada has few acceptable treatises. The position which he occupies in the House of Commons gives him an opportunity to obtain the exact facts on many historical and political questions.

The *Constitutional History of Canada* is designed especially as a manual for students of political science, and is a revision of the author's *Parliamentary Practice and Procedure in Canada*. After giving a short history of the nature of the first government of Canada, the author proceeds to a consideration of Canada under the French *régime* and very briefly presents the more salient features of that feudal and bureaucratic administration which has left its stamp on the religious institutions, feeling, and character of the people. Then follows a short sketch of the attitude of Great Britain toward Canada from the time of the French capitulation in 1760 to 1774, when the uncertainty as to the

laws in force caused the intervention of Parliament in Canadian affairs, and the granting of the charter known as the Quebec Act. By the Constitutional Act of 1791, which divided Canada into two provinces, the colony approached one step toward the present self-government system, although all public functionaries were appointed by the Crown and all matters of commerce, navigation, and defence were regulated by the British Parliament. Dr. Bourinot gives a very complete and accurate account of the discontent which manifested itself in Lower Canada, where the assembly withheld the supplies and caused the rebellion of 1837-8, and the intervention of the imperial government. In treating the mission of Lord Durham and the report which resulted in the Union Act of 1840, the author has done some of his best work, and the references and footnotes which he furnishes enable a thorough study of the political struggle which led to responsible government and the federal union of the provinces. We have next a discussion of the present constitution of the general government, its executive and ministerial functions and departments. The constitution of Parliament is treated of in the next chapter, in which the Franchise Act of 1885 is fully explained. Having shown the control of the Dominion government over the respective provinces, the author next treats of the constitution of the provincial governments and provinces, which differ in no respect from representative governments in general. The remaining chapters of the book are devoted to the disallowance of provincial acts, showing two or three cases; distribution of legislative powers, which is given in great detail, and the decisions of the Privy Council of England and of the Supreme Court of Canada in questions of legislative jurisdiction. There is an appendix containing the full text of the British North America Act of 1867.

The author may be congratulated on the successful handling of a difficult subject in a manner sufficiently concise to be serviceable in the class-room as an educational

text-book, and sufficiently attractive in its style and clear in its general treatment to win the attention of the ordinary reader.

*Federal Government in Canada* is a work comprising four lectures which the author delivered in 1889 before Trinity University, Toronto, Canada. The first lecture is an historical outline. Commencing with the foundation of the colony about Quebec in the year 1608, which he very truly considers the beginning of immediate colonization, he divides the political and social development of Canada up to the year 1867 into four distinct periods. In the first period, from 1608 to 1760, Dr. Bourinot gives a brief history of Canada under the French *régime*, when the people made little progress because of an autocratic government, and the existence of the feudal system and the ancient laws of the *Coutume de Paris*. Dr. Bourinot could have put more stress on the influence of France on Canadian institutions. A Romance people were not capable of colonization to the same extent as those of Teutonic origin; and when we consider the utter ignorance of the Canadian *habitants* in everything essential to the development of a new continent, and the demoralizing tithe system, it is not strange that Canada has always been behind the United States. The second period the author calls the "transition stage," because it illustrates the development from the state of complete ignorance that existed at the time of the conquest to the state of larger political freedom that the Constitutional Act of 1791 gave to the people of Canada. The colonial governments given to Canada after the fall of the French power are very accurately treated. The home government understood the peculiar nature of its "new subjects," and established a strong and almost tyrannical colonial administration, which continued until the French Canadians began to show signs of dissatisfaction at the changes which were appearing in their midst. The first constitution of Canada, the



Quebec Act of 1774, was for the purpose of conciliating the French Canadians. All those professing the belief of the Roman Catholic church were allowed the free exercise of their religion and the clergy were maintained in all their rights, even that of levying tithes. The effect was to appease the French Canadians but to arouse the displeasure of the English. The third period, from 1791 to 1841, marks the struggle between the Imperial power and the people. The fourth period paved the way for the present constitution, which gives Canada an almost national existence. The general features of the federal system are the subject of the next chapter, where the respective powers of the Dominion and provincial governments are explained, the author clearly pointing out many of the defects in the constitution of Canada, as well as those attributes of harmony and strength which are calculated to assist national development and give full liberty to local institutions.

"The Government and the Parliament" is the title of a lecture which demonstrates the manner in which there is established a balance of power between the chief organs of government. In respect to the protection afforded by the British North America Act through a system of checks and balances by which the government at Downing Street keeps a little control over Canada, the author takes a sanguine view of the benefits that Canada derives from the British connection. Nevertheless he endeavors to take an impartial view of the situation, and cannot overlook certain weaknesses that are apparent in the present situation.

The style is generally clear without being elegant, and one gets the impression that the author has a good understanding of his subject. The treatise is replete with information, and federal government in Canada has received full consideration.

WILLIAM B. AITKEN.

*New York.*

BISMARCK AND STATE SOCIALISM. An Exposition of the Social and Economic Legislation of Germany since 1870. By WILLIAM HARBUTT DAWSON, Author of "German Socialism and Ferdinand Lassalle," etc. Pp. 171. London: Swan, Sonnenschein & Co., 1890.

"STATE Socialism," as Mr. Dawson understands it, is of high descent in Germany. Under Frederick the Great, who aspired from the first to be *un vrai roi des gueux*, it took the form of "the Police State," and had for its supreme economy the mercantile theory of gain. The Prussian *Landrecht* of William II. ordained in 1794 that the State was to be considered the natural protector of the poorer classes, and was bound to provide for them. The Stein-Hardenberg legislation, following the Liberation wars, was essentially socialistic in its tenor—and socialistic in the best of all senses. The laws of Stein and Hardenberg, in effecting a social emancipation from the shackles of feudalism, gave a natural impulse to what Mr. Dawson calls "free-trade and individualistic ideas." The *Zollverein* period opened its bosom more and more to the free-trade spirit. Then came the revolutionary tremors of 1848, and it was from these agitations that socialism, pure and simple, emerged as a form of political unrest, because the civil revolution had not been radical enough. Next in the order of events was the Franco-Prussian war, with the immense indemnity levied on France. To this succeeded "the Bubble Era," with the economic inflations produced by the French milliards, so suddenly poured into the coffers of German trade and finance. Then came the collapse, when financial paralysis fell alike on German capital and labor. It was, says Dawson, as a reaction from that collapse that the "State Socialism" of Bismarck took its motive. It was, indeed, a reaction against a reaction, because, as he explains, it was, in the first place, a reaction of "collectivism against individualism"; and because, in the second place, the "individualism" of the *Zollverein* period had

been itself a reaction against the "Police State" of Frederick the Great.

Mr. Dawson shows in a bright and sketchy way the leading part which Bismarck has had in reversing the quasi-free-trade policy of Germany, and in giving to that reversal, within certain limits, the aspect and proportions of "State Socialism." State Socialism, as defined by the author, is "the protest of collectivism against individualism," and "the protest of nationality against cosmopolitanism." Armed with these two protests Bismarck assailed the doctrines of free-trade and of *laissez-faire*. It seems that he had not made a serious study of public economy until about the year 1877. "Before that he entrusted the country's economic policy to Minister von Delbrück," and had no well-defined opinions of his own. In the economic and social cataclysms which followed "the Bubble Era," "all eyes," says Mr. Dawson, "were turned to the State for succor. Self-help stood paralyzed, unable to grapple with the difficulties of the situation. . . . The time had come when Germany was to return to the economic social policy of old Prussia, and the question of customs duties was taken in hand first."

At first Bismarck proceeded tentatively, revising the schedules of the tariff, with the aid of a commission, and raising certain duties in accordance with expert opinions. At this time he openly held that "protective duties for individual industries, when they exceed the limit imposed by regard for their financial proceeds, act as a privilege, and arouse, on the part of the representatives of unprotected industries, the antipathy to which every privilege is exposed." His paramount aim was to secure a home market for the entire product of German industry. At that time, in 1879, the chances of a large export trade seemed to him "exceedingly precarious." Two years later he avowed his purpose to resist any modification of the tariff in the direction of free-trade. In 1884 he proclaimed that protection had "freed the country from its poverty of

blood," and that all branches of industry were in a prosperous state, except agriculture.

Mr. Dawson believes that the protective policy of Bismarck has been vindicated by its results. "The evidence on the point," he says, "is abundant," yet "on the whole," he adds, "it would appear that while many industries have undoubtedly experienced great benefit from protection, others have suffered corresponding injury." This conclusion, "on the whole," seems a rather lame support of his argument.

The attempts of Bismarck to establish a State monopoly of tobacco in 1880, and of brandy in 1886, are described at length by Mr. Dawson. It is known that Bismarck failed in both these efforts of "State Socialism." The nationalization of railways has found in him a consistent advocate, and, with the courage of his opinions, he has sought to give an extension to this principle throughout the whole German Empire. The phases of his "State Socialism" in the matter of legislation for the protection and insurance of the laboring classes receive full discussion in Mr. Dawson's treatise.

The author evidently wishes to speak the best word that can be said for "State Socialism" according to Bismarck. But in describing it as "a reaction against a reaction," he unconsciously betrays the unstable equilibrium from which it sprang under the imperious leading of the great Chancellor, in a time of unexampled economic confusion in Germany—a time little favorable to the genesis of sound and stable ideas in public economy. Mr. Dawson's conception of "State Socialism" needs to be clarified. The *Verstaatlichung* of an industry is not necessarily and in itself considered, a *socialistic* enterprise in the domain of economic activity. It may possibly be the outcome of pure arbitrariness and extortion, with nothing truly "socialistic" in either its cause or effect. The blind and unconscious forces of "individualism" may work better than "collectivism" under the control of ignorance or rapacity.

"State Socialism," to be worthy of its name, must work in harmony with truth and righteousness. To be stable it must be intelligent, and to be intelligent it must be teleologic, that is, must proceed from a scientific prevision of means and ends, and so must contain within itself the conditions of prediction, or at least of self-verification. Till this stage is reached in the evolution of social, political, and economic science, the doctrine of free-trade and of *laissez-faire* will survive, not, indeed, as a finality in political economy, but as a humble plea for the natural economic selection which is likely to be wiser, better, and safer than the artificial economic selections made by the fortuitous concourse of political atoms in a *Reichstag*, as at present constituted.

We wonder that Mr. Dawson has not formulated any theory of economic progress along the lines of "State Socialism." He was invited to such a generalization by some suggestive remarks of Bismarck, when, in treating on railways, he held that they were meant "for the service of traffic rather than of finance," that is, for value in use rather than for value in exchange. When the value in use of any service, as compared with its value in exchange, so greatly transcends the latter that the latter becomes an inconsiderable fraction, every consideration of public convenience conspires with every consideration of political duty and economic advantage to dictate the ultimate transfer of such a service to the administration of the State. Extended State activity in the economic domain is, therefore, the law of an advancing civilization, but it is a law which can justify itself only *pari passu* with the discovery of scientific truth in economy, and with the just and prudent administration of civil government in the sphere of the political State. Hence it is that civil-service reform and reform in the methods of politics may be said to hold in their hands the keys of State Socialism. If Mr. Dawson was unable to spell out this doctrine from the luminous remarks of Bismarck and of Wagner, he might



have found it expounded at length in a work with which he must be familiar—in Hertzka's *Gesetze der Sozialen Entwicklung*.

JAMES C. WELLING.

*Columbia University.*

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CIVIL GOVERNMENT IN THE UNITED STATES CONSIDERED WITH SOME REFERENCE TO ITS ORIGIN. By JOHN FISKE. Pp. 360. Boston and New York: Houghton, Mifflin & Co., 1890.

MR. FISKE has in this volume undertaken to give a clear and comprehensive account of the development of civil government in the United States in so elementary a form that it might be found useful as a text-book in the schools of the country. This is a far more difficult task than the preparation of an exhaustive treatise upon the science of government, even though the writer may have an inexhaustible store of knowledge to draw from. In the preparation of an elementary treatise on any subject, the author must confine himself in large measure to generalizations, for a descent to details would destroy the elementary character of the book; and, of course, the value of the book depends altogether upon the accuracy of the generalizations. And the difficulty is trebled if one attempts to give the elementary treatise a popular character, the great danger being that, in the attempt to popularize, inaccurate statements and half truths are presented to the reader.

In the main the volume before us satisfies all reasonable expectations, and in many parts the treatment is truly admirable. Mr. Fiske's well-known felicity of expression enables him to give to his discussion of these subjects a popular character without sacrificing scientific accuracy. His order of discussion of the subdivisions of the subject is also sound and proper. Beginning with the lowest or simplest governmental organization—the township—he discusses in succession the county, the city, the State, and the Federal Union. After a general examination of this part



of the work I have but one criticism to offer, viz.: that in his desire to avoid the error of other popular writers on civil government, of passing over untouched the subjects of township and county organizations, Mr. Fiske has perhaps devoted more space to these subjects than was advisable in view of the limited compass of his book. But this is a minor error, if error it be at all. And even if the space given to the treatment of the State and Federal Union be considered too limited, portrayal of the development of these organizations merits nothing but commendation.

The value of the volume to both student and teacher is greatly increased by the addition of well-digested questions on the text, and of a bibliography and suggestions for a more extensive discussion in the class-room.

The chapter on "Written Constitutions" is very good as far as it goes, and perhaps for a popular treatise or textbook the discussion of the subject is carried far enough. But it occurred to me that a hint should have been given to the student of the limitations upon the operations of written constitutions occasioned by the influence of public opinion and the demands of private interest. It may, however, be true that the class of readers for whom this book was principally intended would not appreciate the philosophical reflections involved in a consideration of this part of the subject.

The only serious fault to be found with the author's treatment of the general subject of his book is in the first chapter. If the reader knew nothing of the functions of government when he began to read this chapter, he would, at the conclusion of it, believe that the one essential primary function of government is taxation. Taxation is undoubtedly an essential function of the government, but it is only essential, because without it government cannot be maintained. But the fundamental purpose of government, as Mr. Fiske shows incidentally in the succeeding pages, is the protection of the individual and of society against the

attacks of evil-designing persons, and the furtherance of their common interests.

The few defects here pointed out are more than counter-balanced by the substantial merits of the book, and I have no hesitation in pronouncing it to be one of the best, if not the most successful of, attempts to write a popular and elementary treatise on civil government. It is, in my judgment, eminently adapted to use in the schools of this country.

CHRISTOPHER G. TIEDEMAN,

*University of Missouri.*

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L'ÉCOLE NOUVELLE; Conference faite à Genève, le 28 Mars, 1890.  
Par M. CHARLES GIDE, Professeur d'Economie politique à l'Université de Montpellier. Tiré de l'ouvrage intitulé *Quatre Écoles d'Economie Sociale* publié par la Société Chrétienne Suisse d'Economie Sociale. Genève: Imprimerie Me. Richter, Rue des Voirons 10; 1890.

WHAT is the New School of Political Economy? Not everyone can tell us clearly, and few have actually told us in so delightful a manner as has Professor Gide in this pamphlet. After defining the school in a negative way, and indicating the diversities that exist within it, the author gives a positive description of its governing ideas. He recounts the actual experiences of an independent thinker educated under some of the leaders of the older schools. Liberty as the one supreme ideal, governments aiming to render themselves useless, an evolution carrying us toward, if not to, the very "madness of freedom"—such were some of the ideas impressed on students twenty years ago. Time has sifted these ideas; and admirably does Professor Gide indicate the evils that have come from an economic freedom that has been too successfully "let alone." The services that governments need to render to the public are increasing, and it is possible to designate points in which farther public action needs to supplant private action, if social progress is to be insured.

In method the New School diverges from the beaten

path; its studies are *dynamic* rather than *static*, and the fact of a continuous change in social conditions is one of which they take supreme account. Such studies do not supplant the earlier ones, but they supplement them in a way that is indispensable. Professor Gide speaks a wise and needed word in behalf of the deductive method of investigation; with facts alone at his service the student is in a labyrinth out of which logic, sometimes even scientific imagination, must guide him as by Ariadne's thread.

The New School stands in a special and intimate relation to practical life—a fact that Americans can see attested by the renewed confidence that business men and statesmen have in the results of economic research. It favors the expansion and not the repression of true individuality, but recognizes the fact that this develops together with practical altruism. Individuality is sharply distinct from individualism.

The New School has points of contact with the Socialistic; in fact, the left of the one school merges in the right of the other, and both are in agreement as to the fact that evolution is carrying us toward a state in which "association for life" shall replace the struggle for life. Like the Catholic School of Le Play the New School uses the historical method and recognizes the action of moral forces in economic life; unlike that school, however, it fails to find in history models for imitation. Defining the contrasted schools as those, respectively, of *Liberty*, *Equality*, and *Authority*, the author characterizes his own as the school of *Solidarity*.

J. B. CLARK.

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CHARLES FOURIER. *Œuvres choisies*. CHARLES GIDE. Paris: Guillaumin et Cie., 14 Rue Richelieu; 1890.

"EVERYONE has heard of Fourier; no one has read his books; and it results that, although almost a contemporary, he belongs to the world of legend"; so says Professor Gide in his admirable introduction to a book of selections from

the works of the eminent Socialist. The reasons why so few readers have a direct acquaintance with Fourier lie in his grotesque vocabulary, the extent of his writings, and their lack of orderly arrangement. "It would not be an unfruitful task," says the editor, "to give to the public an abridged and, so to speak, civilized edition of the works of Fourier." What he has now done is to give in a compact volume of two hundred and thirty pages a selection that includes Fourier's statement of general social forces and tendencies, his indictment of civilization, and his detailed plans for a new society.

While in the case of most writers a volume of excerpts would mar the unity of the works from which they were taken, in the present instance the reverse is the case. The little volume has actually created a degree of unity that was wanting in the extended works. The book contains a biographical and critical introduction that is written in a sympathetic spirit, and will be highly useful, both to economic students and to general readers.

J. B. CLARK.

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A SHORT HISTORY OF ANGLO-SAXON FREEDOM. The Polity of the English-speaking Race: Outlined in Its Inception, Development, Diffusion, and Present Condition. By JAMES K. HOSMER, Professor in Washington University; Author of "A Life of Samuel Adams," "A Life of Young Sir Henry Vane," etc. Pp. 420. New York: Charles Scribner's Sons, 1890.

In his preface Mr. Hosmer says: "There ought to be room for a book succinct and simple in its terms, which should tell to busy men and to youth in the class-room the story of Anglo-Saxon freedom." That there is not only room for such a book, but a great need of it, no intelligent person can deny; and that Mr. Hosmer's work is well adapted to supply the deficiency few of his readers will be inclined to doubt. History, in the minds of most Americans, after a brilliant prelude in the landing of the Pilgrims, the birth of Washington, and the battle of Bunker Hill, began in earnest with the Declaration of

Independence. Certain events, it is true, like the execution of Charles I., the Wars of the Roses, the Norman Conquest, the murder of Julius Cæsar, and the passage of the Red Sea, had occurred earlier; but they were rather morally than politically instructive, and had little direct connection with ourselves. Scholars have long been telling us that the real stream of our social and political forces is to be traced through the whole course of English history to a tiny spring that flowed out of the darkness of the German forests. This idea can easily be exaggerated, and has, perhaps, been carried too far by some recent English writers, but in the main it is sound, and Mr. Hosmer deserves much praise for putting it into a form which is accessible to all people. The difficulties of treating so large a subject in so small a space are very great, and he is to be congratulated on his success in making his book interesting throughout, and avoiding that dryness which is almost inseparable from excessive condensation.

He begins with the "Primitive Saxons," and shows great skill in giving a clear description of their political condition, while referring at the same time to the contradictory views of different authorities on the subject. Then follows an account of the Anglo-Saxon and Norman Conquests, the Granting of Magna Charta, and the Rise of Parliament. In these last two chapters he makes a statement (pages 50, 61, and 81) which, though often repeated and generally believed, is open to criticism. Parliament in the Middle Ages, he says, established the principle "that a redress of grievances must precede a grant to the Crown." Mr. Hosmer shares the prevalent opinion that this principle was the corner-stone of English liberty, but it may be doubted whether that opinion is quite correct, and whether the principle in question was ever fully established at all. It is true that on certain important occasions, such as those when the confirmation or renewal of charters was wrung from the King, the Commons obtained what they demanded before supplying his needs, and it is said that

the presentation of their petitions always preceded the grant of taxes. But the political history of the Middle Ages is full of the struggles of Parliament to compel the actual redress of grievances which had been stated in petitions over and over again, and of more or less successful attempts on the part of the King to evade the execution of his promises in regard to them. It is impossible in a short review to cite examples, and it may be enough here to refer to Stubbs's *Constitutional History of England*, Chap. XVII. §§ 289, 290, where this question is treated at some length. In the course of his remarks Stubbs says: "The idea of making supply depend upon the actual redress could only be realized under a system of government for which the nations of Europe were not yet prepared: under that system of limited monarchy secured by ministerial responsibility, toward which England, at least, was feeling her way." Parliament took a long step toward securing the actual redress of grievances when it substituted for petitions the passage of bills drafted in the form of statutes. This change seems to have been pretty thoroughly effected about the time of Henry VII., although it had begun earlier. But the principle that a redress of all grievances must precede a grant to the Crown cannot be said to have become absolutely complete until the royal veto fell into disuse, and Parliament redressed its own grievances without the assistance of the King.

Mr. Hosmer follows the course of English history to the reign of Charles I., and, after describing the settlement of the Colonies, he follows it again to the American Revolution. He then considers the Constitution of the United States, and the history of Great Britain for the last hundred years. And here, it seems to us, that he gives a somewhat disproportionate prominence to the influence of English political models on the character of American institutions, and exaggerates the effect of American democracy on British reform. Under the title "Present Condition of American Polity," he next makes a very instructive



survey of the development of local government in this country, and concludes the book with three chapters on the prospects of Anglo-Saxon freedom. In these last his enthusiasm for the race has a tendency to run away with his judgment, and his visions for the future might well strike a stranger to the blood as a trifle fanciful. It must be added, on the other hand, that although the book is written, to a great extent, as a panegyric on democracy, the treatment of history is surprisingly impartial.

A. LAWRENCE LOWELL.

*Boston.*

THE CONFLICTS OF CAPITAL AND LABOR, HISTORICALLY AND ECONOMICALLY CONSIDERED. Being a History and Review of the Trade Unions of Great Britain, showing their Origin, Progress, Constitution, and Objects, in their varied Political, Social, Economical, and Industrial Aspects. By GEORGE HOWELL, M.P. 2d ed., 8vo., pp. xxxvi., 536. London and New York: Macmillan & Co., 1890.

To those acquainted with the earlier edition of this work it is unnecessary to speak of its general characteristics, or to say that the author argues for trade unions by describing them, and that his description is clear, candid, and thorough. The first edition appeared in 1878, and to its influence is partly due the great change observable since that date in the attitude of the general public toward trade unions, both in England and the United States.

Indeed Mr. Howell's experience exemplifies the truth so often stated that the radical of one period becomes the conservative of the next. In his preface to the second edition he notes the fact, which may be easily verified by reference to the files of English periodical literature, that "in 1878 trade unions were denounced in the press, on the platform, in the pulpit, and in Parliament; not occasionally, but constantly, persistently, and virulently." On the other hand, he states, with equal truth, that "now trade unions are being praised and commended by all sorts and conditions of men, their influence is sought socially

and politically, and combination is preached as the one great panacea for all kinds of social evils, even by the Lords' Committee on 'Sweating'." His severe condemnation of force and coercion, which, when the first edition appeared, was considered weak and insufficient, he thinks may now be regarded as uncalled for, and possibly impertinent, by those who show an inclination to excuse intimidation and palliate violence.

This radical change of public opinion regarding the subject treated by Mr. Howell, has made it hard to adapt the old book to the new situation. Though it has been largely re-written, it retains traces of the struggle waging at the time it first appeared, and the mingling of paragraphs written in 1877-78 with others written in 1890 sometimes makes it doubtful just what the present tense stands for. After reading a long descriptive passage which might be supposed to set forth present conditions, it is disappointing to find in the body of the text a paragraph beginning, "Since the preceding pages were written," followed by a description of changes, and finally of entirely different conditions than those first described. This confusion is especially noticeable in the chapter on "Political Economy and Trade Unions." Had it been first written in 1890 much that it now contains would not have been inserted, were the author's view never so insular; while, on the other hand, it contains references to many events that have happened, and to many books and articles that have appeared since the earlier edition was written. Perhaps the author would have done better to prepare a companion volume to his earlier work, rather than to bring out a revised edition of it.

Turning to the matters that pertain to the more recent developments we notice, first, that Mr. Howell does effective work against the so-called "new trade unionists." They object to the insurance features of the unions, and teach that such organizations should be mainly for belligerent purposes. He shows that the type of union they praise

is an old one, which has existed from the beginning, and, while constantly being tried, has constantly proved itself unreliable. The unions that have an extensive system of sick benefits, out-of-work benefits, death benefits, and pensions for superannuated members succeed better in keeping up wages and securing good conditions of labor than those that have no mission save that of agitation and opposition to employers.

The assertions made by certain radicals that the advancement of English laborers through trade unions has nearly reached its limit, are not wholly discredited by the facts set forth in this volume. One might almost think that the late-won approval of the well-to-do classes has had a deadening effect upon the unions. It is not merely that the number of members represented at the annual trades union congresses increases slowly, and is not now (in 1889 the number was 885,055) as great as at times during the early seventies (in 1874 it was 1,191,922); but the unions seem in some sort to have "finished the fight," and to be willing to settle down to the enjoyment of their hard-won prosperity. Of the ten specific reforms debated and urged by the Trades Union Congress of 1878, all but one or two have been accomplished; and Mr. Howell observes that at the Congress held at Dundee, 1889, the Parliamentary Committee did not formulate any elaborate programme, and that while the eight-hour day and factory inspection were matters of debate and discussion, and while some of the decisions of former years were reaffirmed, yet the discussions were more general and personal than they had been at many previous Congresses.

Mr. Howell suggests various ways in which the unions might profitably extend their activities, but he does not himself seem to be very sanguine that they will adopt a vigorous and constructive policy. He does not expect the solution of all industrial problems to be worked out by trade unions, but he finds that they have been an efficient means of bettering the condition of great numbers of

laborers, and of bringing about a more endurable organization of industrial society.

*University of Nebraska.*

AMOS G. WARNER.

THE UNION-STATE: A LETTER TO OUR STATES RIGHTS FRIEND.  
By JOHN C. HURD, LL.D. Paper, pp. 131. New York: Van  
Nostrand Company, 1890.

THERE seems to be no cessation of discussion involving the origin of National sovereignty, the growth of the Constitution and the powers of the several States, nor are great diversities of opinion wanting among present writers. And it must be conceded that recent discussions and investigations of scholars have brought about a clearer understanding of questions that hitherto have been disposed of by political dogma. The pamphlet now before me, as the title suggests, is a vigorous denial of the doctrine of States' Rights as a justification of secession. The burden of the argument consists (1) in showing that not one of the thirteen Colonies ever possessed an independent sovereignty, and consequently not one of the States could lay claim to it, and (2) in repudiating most of the theories offered as "defences" to the action of the Government in the restoration of the Union. To these ends the writer holds that each several State jurisdiction is actually dependent upon the "will and force of the thirteen Colonies together constituting a single possessor of sovereignty"; that the status of each disclaims that sovereignty could have been obtained otherwise than by united action. From these propositions as facts he derives the following conclusions: (1) that "A single possessor of the entire sum of sovereign powers had come into being in the person of thirteen States manifesting the will and force to hold such power as one national State within all of the territory known as the United States; (2) that, whether sovereign powers can or cannot, in theory, be divided, they were not so divided in the case of these States, July 4, 1776, and that, regarded as sovereign powers, those exercised in the

government of each single State, and those exercised in and for the whole country by a Congress, were derived from the will and force of all the States, existing as one integral sovereignty." This integral sovereignty the writer calls the Union-State.

In applying this theory to the circumstances of the War of Secession, it is claimed that when South Carolina determined to "resume her separate and equal place among nations," she proposed to resume that which had never existed. The act of secession was new and revolutionary. The writer holds that the disposal of the question must rest on fact and not on law. The essential part of the thesis, that sovereignty was obtained and possessed by a single power, is well sustained by numerous citations.

However, it is to be noted that the sovereignty won by a single power was *international* sovereignty, and that the relations of the several States to the National Government are not entirely disposed of by this fact. There were still thirteen organized units striving to organize the sovereignty which had already been won, but whose security was not yet assured. If the centrally-organized body, sustaining the international sovereignty, delegated to the newly-created States certain powers, it was done in accordance with the legitimate claims of these several *thirteen facts*, and the organization of the Federal Government based its polity on the existing laws and government of local units. The colonies were independent in their relations to each other, but not severally sovereign in the world of nations. In settling their relations to one another and to the central Government, it is useless to cite precedents, for there are no parallels of existing conditions in history. The time element must enter into all discussions of this nature. Sovereignty was a growth; there is a long time between its declaration and its final assurance. The unity of action and sympathy preceded the unity of organization. The Constitution is a growth, and its present status has been determined by an evolutionary process rather than by a

revolutionary act. Centralization is not a theory—it is a fact, the natural and inevitable result of our national growth. The several States are entitled to the powers granted them by developed and developing Constitutional rights. As to the “defences” of the action of the Federal Government in putting down rebellion, the argument that several sovereignty never existed is the true basis for such action, although other defences are entitled to more consideration than the writer inclines to give them. The monograph is a valuable contribution to the study of Constitutional History.

FRANK W. BLACKMAR.

*University of Kansas.*

CHARITY ORGANIZATION. By C. S. LOCH, Secretary to the London Charity Organization Society. Pp. iv., 106. London: Swan, Sonnenschein & Co., 1890.

THIS is a reprint, with but few changes, of Mr. Loch's paper entitled “De l'Organisation de l'Assistance” written for the *Congrès International d'Assistance*, held in Paris in July and August, 1889.

The charity organization movement is treated as a whole, frequent reference being made to English and American experience. The subject is discussed under the following heads: “Charity Organization a New Movement”; “The Lesson of the Poor-Law,” and “Principles and Methods of Charitable Relief.”

The author's account of the change which has taken place in the conception of the duty of the State to its citizens and of the citizens to the State is the most suggestive feature of the book. He claims that charity organization is a new social movement called forth by the spirit and necessity of the times. Its end is to bring about better social and charitable relations in the same community. Changed political conditions necessitate changes in social relations if the integrity of the State is to be preserved. Formerly the lower classes had no voice in the



management of public affairs. The world in general has grown democratic, and politically, at least, there is no dependent class. Since all classes are to share in the government, the best interest of the State demands that there should be no almost nor entirely dependent class. As all are citizens in name, the State must see to it that they are so in reality. The dependent, if possible, must be made independent. "Accordingly it becomes a duty of the State by some means to prevent pauperism, and of citizens to give their service to the State for that purpose."

In the relations of the richer to the poorer members of the community, new or forgotten duties have been brought to light. The laborer demands a fuller and completer life. Moral as well as political reasons further his plea. For the needy, gifts of money or doles of food and clothing do not suffice. A change is demanded in the administration of private or charitable relief. "The new charity requires of the rich that, for the common good, they submit to the common yoke of labor, and that they help the poor to become self-dependent and competent fellow-citizens."

The Churches seldom enter heartily into the work of the State, and seldom do they preach a gospel of noble citizenship. Alms are often used to further religious teaching or to gain acceptance to religious views. But the religious consciousness of the community is slowly changing, and the "love of the neighbor whom we have seen" is becoming more truthful and real.

This brief summary represents the conditions under which charity organization exists. The movement is defined as "an enthusiasm, as of religion, for the common good, and that, as such, it strives to ennoble citizenship and to perfect it, and, for the prevention and relief of distress, endeavors to realize the duties of individual to individual, and to promote the fulfilment of these duties by coöperation."

The English poor-law system is sketched and the position taken by the Charity Organization Society stated;

for, says the author, the one depends upon the other. We are told that the end of charity is to prevent pauperism, but relief as now administered often produces it, and, in order to obviate this, organization is necessary. Poverty is a relative term, and we should not deal with the poor as such, but with those who have in them the seeds of pauperism. The legal system of relief deals with paupers and is, in the main, deterrent rather than reformatory. It furnishes a background for the organization of charity.

Valuable and convincing statistics are presented showing the inadequacy and pauperizing effects of public outdoor relief. Referring to the years 1867 to 1871 inclusive, in which there was much distress in England, Mr. Loch says, "Pauperism seemed to be growing apace. Relief was abundant, but misery and destitution seemed to increase in spite of it; it seemed almost to feed and multiply upon it. Many thoughts and endeavors at length found a practical result in the establishment of the Charity Organization Society." The curtailing of public out-door relief in London and other large cities has proved most beneficial. In Brooklyn, where it was abolished in 1878, great good has resulted.

Under "Principles and Methods of Charitable Relief," we are told that "for meeting the ordinary contingencies of life by way of relief, it is best that there should be no such systematic provision as will lead people to expect others to do for them, what as citizens, they should, in the public interest, be required to do for themselves. Relief given to meet such contingencies will, unless given under the most careful restrictions and with the utmost discrimination, create pauperism." When such relief is asked, "the question should be 'Ought I not to refuse?' rather than 'Ought I not to give?' And then: 'If I ought to give, how can I prevent in the future the recurrence of distress due to this cause?'" It may be found best to give nothing but personal influence. The thriftless must be induced to become provident and the vicious be persuaded to reform. The

incurable and those past cure, if they have no relatives able to provide for them, should be placed in properly-conducted institutions. The children of such people, and abandoned children must be so maintained and educated that they will not fall into the evil ways of their parents. This leads to the discussion of charity organization societies, the first being established in London in 1869. There are now sixty-eight in England and Scotland, three in Australia, and seventy-eight in America. Their object is thus practically stated by the Manual of the London Society: "The main object is the improvement of the condition of the poor, (1) by bringing about coöperation between the Charities and the Poor-Law, and amongst the Charities; (2) by securing due investigation and fitting action in all cases; and (3) by repressing mendicity."

The machinery of these societies is clearly outlined, and brief suggestions are given for the treatment of different classes of cases. Their methods are "individual work and coöperation, aided by inquiry, and, as far as possible, adequacy of assistance."

Mr. Loch has made a valuable contribution to the literature of charities, and his work will doubtless receive the recognition it deserves.

CHARLES LEE SMITH.

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UEBER DEN JAPANISCHEN GRUNDBESITZ, DESSEN VERTEILUNG UND LANDWIRTSCHAFTLICHE VERWERTUNG. Eine historische und statistische Studie. Von Dr. Phil. INAZO NITOBÉ, Sapporo, Japan. Pp. 91. Berlin: Paul Parey, 1890.

In this pamphlet the author, who returns to his native country as professor in the Imperial Agricultural College of Sapporo, gives us an instructive account of the agriculture of Japan, with especial reference to the division of landed property. At a time when the political fortunes of Japan are exciting such general interest a work like the present is especially welcome. It affords us glimpses into

the social structure of the nation, the life and industrial relations of the people, which must be very valuable in enabling us to determine the true meaning of political action.

The division of landed property is considered historically in the first chapter. The author has found in parts of Japan traces of the old village community, but hesitates to declare this the original form of landed ownership. In the earliest times of which records are preserved many different forms of land tenure can be observed. Later they are swallowed up in the feudal system, which deprived the Emperor of his power and created a number of feudal princes, with their retainers, drawing an income from the soil which was tilled by the peasants. When in 1871 feudalism was abolished, the lords and retainers were bought out by the Government, receiving in return for their landed rights evidences of public indebtedness at the capitalized value of their rents, while the soil was turned over to the peasants who tilled it, their payment of rent being transformed into a tax payable into the public treasury.

In the following chapter the author discusses the distribution of the various kinds of lands and their owners. The relation of the State to forests, and its policy in regard to those in its own possession, are studied, while the subject receiving most attention is naturally the arable land. This consists largely in rice fields, since rice forms, according to official calculation, fifty-three per cent. of the food consumption of the people. According to the author, the cultivation of rice is not suited to the climatic conditions of large parts of the island, and the use of rice as the chief food has had many unfortunate results. It has confined the peasants to a single culture, thus bringing into use for this purpose lands better suited to other crops, and leaving much land waste which would otherwise be used, besides injuring the rivers as the paths of commerce by draining off their water for irrigation. As a result of these

and other factors the average holding of the farmer is very minute. The author gives it as a trifle less than two and a half acres for each peasant, representing a family of five persons. It is not to be wondered at that the condition of the agricultural population, who embrace 71.23 per cent. of the population of "Old Japan," should excite some alarm, or that the fear should be expressed that the Japanese agriculturalist is in danger of becoming as real a proletarian as may be found in our centres of urban population. The author holds out, at the close of his work, a hope that improvement may come through a settlement of the northern islands, whose conditions vary essentially from the southern ones, which he describes under the name of "Old Japan."

The work is based on European and native sources. Where the former are used it is, of course, with a criticism which enhances the value of the citations. The work in general bears evidence of extensive reading, and abounds in interesting comparisons with European conditions.

R. P. F.

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AN INTRODUCTION TO THE HISTORY OF THE SCIENCE OF POLITICS.

By SIR FREDERICK POLLOCK, Bart., M.A., Hon. LL.D. Edin.,  
Corpus Christi Professor of Jurisprudence in the University of  
Oxford; late fellow of Trinity College, Cambridge. Pp. x., 128.  
London and New York: Macmillan & Co., 1890.

THIS essay was delivered as a course of lectures at the Royal Institution, in 1882, and shortly afterward published as a series of articles in the *Fortnightly Review*. Circumstances, remarks Mr. Pollock in his preface, have compelled the publication of the articles in the present form, only such revision having been undertaken as was consistent with their original character. Those who have read Mr. Pollock's earlier work, entitled *Essays in Jurisprudence and Ethics*, were impressed with the thoroughness and thoughtfulness of his examination of the legal and ethical aspects of human society. In this latest work

we have the same evidences of wide and careful consideration of some of the most interesting phases of the science of politics.

There are four lectures in all, covering the whole field of political science, beginning with Plato and Aristotle, and ending with John Stuart Mill and Herbert Spencer. Within the small compass of 128 pages we have discussed the beginnings of political science, the influence of the Middle Ages and the *Renaissance*, the political thought of the eighteenth century and the Social Contract, and the different theories of sovereignty and of State intervention which have been brought forward within the present century. The first lecture deals with the place of politics among the sciences, the field of political science, and the condition of political thought in Greece previous to the Roman conquest. The next is taken up with an account of the political life of Europe subsequent to the fall of the Western Empire and the issues involved in the struggle between the Emperor and the Pope; the rise of the anti-ecclesiastical political philosophy, represented by Machiavelli, and the non-ecclesiastical school of Bodin and Grotius; the naturalistic school of Hobbes; and the origin of the Social Contract theory. In the third section we have an examination of the political speculations of Locke, Rousseau, Blackstone, Montesquieu, and Burke with reference to their bearing upon the nature and condition of political life in the eighteenth century. Mr. Pollock emphasizes very justly the work of Burke in furthering speculation along certain lines which unfortunately have not been given due recognition. The attitude of Burke toward the principles of 1789, his separation of Expediency from Legality, and his importance as a political philosopher are dwelt upon by our author in a manner which in some respects places Burke in a new light. Without a doubt, as Mr. Morley in his study of Burke has pointed out, Burke's contribution to solid political thought is an important one. The historic method, fitting in with cer-



tain dominant conceptions in the region of natural science, has brought men round to a way of looking at society for which many of Burke's maxims are exactly suited.

The last lecture deals with the development of the modern theories of sovereignty, and of the nature and functions of the State. We have here contrasted the different Continental schools of political thought, historical and ethical, and the English analytical school. The valuable work done for political speculation by the analytical jurists in clarifying thought and insisting on the separation of ethics, law, and politics is clearly set forth by Mr. Pollock. It is in this, he maintains, that the true character of English political science is to be found. Nevertheless, with all his appreciation of the work of this school, Mr. Pollock seems at times to go out of his way to give an unnecessary thrust at Bentham. Bentham's knowledge of human nature was bounded by certain well-defined limits; it was wholly empirical, and the empiricism of one who had little experience. His method, however, has worked a revolution in philosophy, and in law and politics he brought out into a strong light, cleared from a thousand confusions and misconceptions, and pointed out with admirable skill the best means of promoting, the principles of human action which underlie both. And to this, more than to anything else, English political thought owes whatever peculiar strength it has attained in these later days.

Despite the rather sketchy character of the different lectures, it can be said that Mr. Pollock's treatment of his subject never fails for lack of lucidity or interest. The work is an excellent example of the spirit of investigation which the younger men in England have carried into their studies in law, custom, and morality. Unsubstantial as Mr. Pollock says they are, these lectures on the history of political science as a whole can be spoken of with the heartiest praise.

JOHN L. STEWART.

*Philadelphia.*

THE PRISON QUESTION. A Theoretical and Philosophical Review of some matters relating to Crime, Punishment, Prisons, and Reformation of Convicts, etc. By CHARLES H. REEVE. Pp. 194. Chicago, 1890.

THE prison question is not bounded in our author's view by the limits of a penal institution, but embraces all the causes which go to produce crime, and thus necessitate prisons, as well as the proper system of the latter. His effort is, therefore, to estimate the forces that go to the production of crime, and much attention is therefore given to matters which might appear to have only a loose connection with the topic in hand. Whether we agree in all, or in essential points, with the author, there can be no doubt that he has given us, in the chapters on Mentality, Physical and Mental Energy, Theology, Mind, Natural Forces, Marriage and Society, an interesting and forcible statement of the elements through which character is formed. The law-breaker is a product of these conditions. The law does not deal with him as a sinner, but simply as one who, for one reason or another, has failed to meet the requisites of life in society. He is hurtful to the public security, and the law should handle him in this spirit and in no other. From this point of view much of our present system of prisons and many of our current notions of punishment and its purposes must be discarded. The new treatment of offenders should pursue two aims—the reformation of those who show themselves amenable to discipline, and the permanent restraint of those whose criminal instincts cannot be checked. It need not be said that the absurdities of some of our common practices—as, for instance, discharging confirmed criminals at the expiration of time sentences, to let them prey on the community until recaptured—are severely commented upon. With such ideals in view, the mode of dealing with criminals should be essentially altered. The first principle to be recognized is that law-breaking forfeits liberty, not for a definite time, but

permanently, or until reasonable proof has been offered that the offender will not abuse liberty if it is restored to him. None the less the perfection of the prison discipline will avail but little in the battle with crime, because it is only able to reach its subjects after a long course of early training has moulded character in a shape hostile to existing society. Much more should be done to prevent the growth in our midst of classes prone to crime and almost certain to fall into the ranks of law-breakers. It is a false sentiment which invests the marriage relation of the diseased, the vicious, and the depraved, with any sanctity whatever. It is a blot on our civilization. Here is where real preventive work can be accomplished, and the author pleads earnestly for thoroughgoing legislation to prevent vicious marriages, likely to be harmful to the State. His suggestions on this point are full of interest.

A book like the present, with its vigorous thought and novel way of putting things, throws a strong light upon some points of our social conditions, and cannot fail to stimulate earnest thought on the problems involved.

R. P. F.

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NOTES.

THE article on the "Zone Tariff in Hungary," which appeared in the July number of the ANNALS, and the communication from the General Manager of the Austrian Railways on the new railroad tariff recently introduced into Austria, have attracted wide attention in the American press and have received considerable mention in European papers. Besides the numerous notices which have appeared in the editorial columns and book reviews, two elaborate articles were prepared by Mr. Sylvester Baxter and by Mr. James L. Cowles, respectively, showing how the system would work if applied in this country. The former contains a

computation based on the facts of railroad traffic in and around Boston, and appeared in the Boston *Herald* of August 17, 1890. The latter is based on Connecticut conditions, and was published in the Hartford *Evening Post*, of August 7, 1890. An elaborate paper by Dr. Conigliani, entitled "A Proposito di un Nuova Sistema di Tariffe Ferroviarie," based on the same article, was published in the well-known Italian magazine *Rassegna di Scienze Sociali e Politiche*, September, 1890. The railroad periodicals have taken up the discussion, and it is to be hoped that the result of the movement will be a more scientific treatment of the whole subject of railroad tariffs.

THE Prussian railroads are beginning to profit by the lessons of the Hungarian and Austrian experiments in the direction of cheap fares. From the 1st of November, 1890, a uniform rate of one pfennig per kilometre has been fixed on all Prussian roads for workmen's tickets. This is equivalent to a rate of 3.8 mills: *i. e.*, a trifle over  $\frac{1}{3}$  cent per English mile. These tickets are for the fourth-class cars, or, where these are not run, for third-class cars.

ROUMANIA introduced a zone tariff system for its passenger traffic on the 1st of last March, adopting a method somewhat different from that of Hungary. The report of the first three months showed a large increase in passenger traffic, and a very considerable increase in gross receipts over the average for similar periods of preceding years.

MESSRS. MACMILLAN & Co., of London and New York, announce a *Dictionary of Political Economy*, under the editorship of R. H. Inglis Palgrave, the first instalment of which is promised for this month. The work is to appear in parts, of 128 pages each, and is expected to be complete in 12 to 14 parts. Among the contributors we find the following Americans: Professors Ashley, Dunbar, Dewey, R. M. Smith, Taussig, and Mr. A. C. Miller, of Harvard.

MESSRS. D. C. HEATH & Co., of Boston, have in press a translation by Mr. Jacobson, of London, of the last edition of Professor Charles Gide's *Principes d'Economie Politique*. The work of translation has been carried on under the supervision of James Bonar, Esq., who has read the proofs of the work and provided it with a preface and explanatory notes. The appearance of the work is awaited with interest, as Professor Gide is the recognized leader of the new school of French economists.

PROFESSOR GUSTAV COHN, of Göttingen, has an interesting article in the first number of the *Deutsche Rundschau* for 1891 on the "Beamten-Consumvereine in England." He shows how the Civil Service Supply Association and similar undertakings were organized, and how they have developed, discussing briefly their economic function in our modern industrial system.

THE first number of a new periodical, *The Economic Review*, to be published quarterly by the Oxford University Branch of the Christian Social Union, is announced for this month. While its aim will be chiefly to discuss the moral and social bearings of economic problems, other aspects of them are not to be neglected. The editorial board consists of the Revs. W. J. H. Campion, of Keble; J. Carter, of Exeter; and L. R. Phelps, of Oriel. Among the contents of the first number we note in particular an article on the "Progress of Socialism in the United States," by Rev. M. Kaufmann. A long list of contributors, in which the clerical element is conspicuous, and which includes in this country Professors Ashley and Ely, is appended to the announcement.

PROFESSOR GUSTAV VOGT, of Zürich, read a paper before the Juristenverein of Switzerland at their annual meeting in 1890, on the "Organization of Federal Justice in the United States." He points out in the address, in a

clear manner, some of the fundamental differences between the Swiss and American federal systems, in regard to the jurisdiction and procedure of the courts.

WE are indebted to Miss Henrietta Leonard for the translation of Professor Böhm-Bawerk's article in the present number. Miss Leonard is doing a very valuable service to students of economics in this country by her translations from the French and German. These translations combine the merits of a good English style and remarkable fidelity to the original. In addition to the translations from the German of Professor Böhm-Bawerk which have appeared in the ANNALS, Miss Leonard has translated for the Johns-Hopkins Series the interesting papers of Professor Fredericq, of Ghent, on the study of history in European countries.

THE efforts of the ANNALS to summarize the work done for Political and Social Science in the German Universities has received gratifying recognition. In the *Università*, a monthly review of higher education appearing at Bologna, Professor Ferraris, of Padua, contributes an article on the study of political science in foreign countries. After noticing the activity in this field in the United States in a highly complimentary way, he turns to Germany as the fountain-head of recent science, and shows the work done there by reprinting the table which appeared in Mr. Rowe's article in the July ANNALS.

DR. FERDINAND TÖNNIES, the editor of the famous works of Hobbes, *The Behemoth* and *The Elements of Law*, has made the Academy the authorized agent for the sale of these books in America, permitting them to be sold to members of the Academy at cost price. This is a rare opportunity to obtain two books which should be in the library of every person interested in political science.



THE *International Journal of Ethics* is a new quarterly review, published simultaneously in Philadelphia and London, that promises to occupy an important field; and judging by the quality of the first number it will maintain a high standard of philosophical and literary scholarship. It is a little curious that, in the rapid multiplication of special reviews devoted to this and that department of philosophical inquiry, the leading students of ethical theory—whose scientific and literary activity has been by no means slight—have been until now without their own recognized organ. The *Journal of Ethics* has grown out of the *Ethical Record*, which it succeeds. It is under the direction of an editorial committee consisting of Dr. Felix Adler, of New York; Dr. Stanton Coit, of London; Professor G. von Gizycki, of Berlin; Professor Fr. Jodl, of Prague; Mr. J. S. Mackenzie, of Manchester; Mr. J. H. Muirhead, of London; Professor Josiah Royce, of Harvard University, and Mr. S. Burns Weston, of Philadelphia, managing editor. Among the contributors whose support is promised are such representative ethical thinkers as Professors Henry Sidgwick of Cambridge, Paulsen and Pfeiderer of Berlin, Adamson of Manchester, Caird of Glasgow, Höfding of Copenhagen, Wallace of Oxford, James of Harvard, Schurman of Cornell, Ladd of Yale, and Jastrow of Pennsylvania, and a long list of students of politics and economics. The ethical phases of social and economic questions are to receive much attention, and the first number contains two articles that will be of special interest to members of the Academy. These are on "The Morality of Strife," by Professor Sidgwick, and "The Ethics of Land Tenure," by Professor J. B. Clark. Professor Sidgwick sees little hope of preventing international and class conflicts by arbitration until people learn that it is not enough to desire justice sincerely. They must fit themselves by laborious and sustained efforts to understand justice, to know what is justice in any concrete case, to see the measure of truth in an opponent's view—in a

word, to be open-minded and fair-minded. Professor Clark contends, against the view of Henry George, that the state may rightly take the concrete thing land—compensating owners for the value—or limit or regulate its ownership, but that it cannot, ethically, take the value invested in land by laying a special tax on rent.

## MISCELLANY.

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### THE GERMAN ECONOMIC ASSOCIATION.

THIS Association (*Verein für Socialpolitik*) held its regular biennial meeting at Frankfort-on-the-Main, September 26 and 27, 1890. All agreed with the statement in the opening address of the President, Professor Schmoller,<sup>1</sup> that the Association is now entering upon the third distinct period of its existence. For with the coming to the throne of a new monarch, who is avowedly introducing a new social and economic system, with the withdrawal of Bismarck from the service of the State, and with the lapse of the special Act against the Social Democracy, the practical social and economic problems in Germany have undergone a complete change. The Association was founded at Eisenach, in 1872, on the occasion of Professor Adolph Wagner's open letter to Dr. Oppenheim, as a direct protest against Manchesterism, so prevalent in Germany at that time. This deductive free-trade economic tendency manifested itself especially among the Government officials, and had organized itself under the name of the *Volks-wirtschaftlicher Congress*. The younger economists of the historical school, who organized the new association, were the same who, because of their advocacy of greater activity on the part of the State, came to be known as "Socialists of the Chair." The Association was founded on the very reasonable idea that the scholar and student of economic affairs should furnish material for,

<sup>1</sup> The Secretary of the Association is Carl Geibel, publisher, Leipzig, the Treasurer, Stadtrath L. Ludwig-Wolff, Leipzig.

and exercise an influence upon, the legislator and the administrative officer so far as the latter has discretionary power. The fundamental idea, which has ever been adhered to, was that the Association should take up such practical, political, social, and economic problems as were found in the near future to become subjects of legislation, thoroughly investigate them through committees, and issue the reports of these investigations in the form of regular publications<sup>1</sup> of the Association, and then, *after the distribution* of these reports, to make them the subjects of discussion in the meetings of the Association. The number of volumes issued by the Association is about forty, many of them books of permanent and general value. The publications cover the whole range of practical economics. I say *practical* economics, for the Association has always avoided purely theoretical discussions, and has aimed alone at making its (scientific, not political) influence felt in the economic and social life of the nation. The Association has ever wisely kept from prescribing any social or economic creed as a condition of membership, or from passing or attempting to pass any resolution in favor of or against any specific legislative act or policy, its sole aim being investigation and discussion, in which all parties have always been allowed the utmost freedom. Yet the prevailing opinion in the first period of the history of the Association (say from 1872 to 1880) was that the State should assume a more active policy, but not the political attitude, toward the laborer that Bismarck forced upon the nation. In other words, the Association believed that to adapt the laws to the changed condition of affairs following the nationalization of Germany after the two wars, and the consequent introduction of the modern inventions and methods of production and distribution, and to make the most of these new and improved conditions a decidedly active policy on the part of the State was necessary. But

<sup>1</sup> The publishers for the Association are Duncker & Humboldt, Leipzig.

what the Association wanted for the laborer was such legislation and such action as would clear away the wrecks and *débris* of the old legal and social systems, and would, thereby, encourage and enable the laborer to help himself. But what has actually been done, against the conclusions of the members and founders of this Association, has been to crush out all hope of initiative or self-help on the part of the laborer, and to establish the principle, apparently for generations to come, that the State must take care of him. Not opportunity for self-help, as the Association wished, but wholesale State-help, as the then all-powerful shaper of the State policy willed is what has been given. When this great system, beginning with the protective tariff of 1879, and ending with the great mass of compulsory laborers' insurance, which culminated with the Act of 1889, was begun, many members ceased to take any active part in the Association, while others, remaining active, energetically opposed the whole system. Thus it came about that the Association founded in advocacy of a more active policy on the part of the State, was very nearly wrecked by the action of its own offspring. Yet, as was said at Frankfort during this second period, 1879-1889, the members one by one came to the conclusion that successful opposition to the policy of the State at that time was impossible. They therefore renewed their activity and concluded to give this system, which did not meet their approval, a fair trial.

The Frankfort programme dealt with two of the most important questions in current German politics, namely, the reform of the local administration (*Gemeinde Ordnung*) in Prussia, and (2) strikes and labor disturbances.<sup>1</sup> A whole day was set apart for the discussion of each topic. The first subject has already been reported on in the shape of two volumes of the publications for the current year;

<sup>1</sup> It is interesting to note that this is the chief topic of the first meeting at Eisenach, in 1872, and that at that time Professor Schmoller was the chief speaker.

namely, *Berichte über die Zustände und die Reform des ländlichen Gemeindegewesens in Preussen*, by H. Thiel, and *Die Landgemeinde in den oestlichen Provinzen Preussens*, etc., by Dr. Keil. The fact that each subject has been so reported upon leads to the universal custom of off-hand speaking in the meetings. It is needless to say that the absence of manuscript in the meetings leads to a liveliness and interest in the debate unknown in similar meetings in America.

The first speaker on the programme for this topic was Herr Sombart, member of the Prussian Diet, and also owner of one of these Gemeinde whose reform was under discussion. The second was Oberpräsident (retired) von Ernsthausen. With but fifteen minutes for refreshments, the debate lasted from 9 to 3 o'clock.<sup>1</sup> As in all German deliberative bodies and formal debates, the chief speakers are allowed to speak after the formal closing of the debate. It is the practice of the Association to allow speakers representing opposite sides of the question to speak alternately, so far as this is possible. The first topic evoked an interesting and lively debate. But the chief interest of the meeting centred in the discussion of the following day on the labor question. The published reports on this subject were: (1) *Arbeiter Einstellungen und Fortbildung des Arbeitsvertrags. Berichte von G. Auerbach, W. Lotz und F. Zahn, im Auftrage des Vereins für Socialpolitik, herausgegeben und eingeleitet von L. Brentano*; (2) *Studien zur rheinischen Westfälischen Bergarbeiterbewegung, von Dr. Carl Oldenberg* (also published in Schmoller's Yearbook); (3) *Arbeiterräusche in der deutschen Industrie, etc., Max Sering*. The subject was introduced to the meeting at length by Professor Brentano. His life-long study of this subject, begun by a long residence in England, has made him a great admirer of the English Trades-unions.

<sup>1</sup> The members of the Association dined together, to the number of seventy-five, at 5 o'clock, in the Frankfurter Hof.



He thinks the labor problem in Germany must be solved in some similar way, by the laborers themselves, and not through penal or repressive legislation against the laborer. He went so far as to advocate legislation which would allow greater freedom of organization of the laborers, and then of making the organization in its corporate capacity responsible to the employer for the fulfilment of the laborer's contract. The next speaker on the programme was Herr Bueck, of Berlin, General Manager of the Central Association of German Manufacturers and Merchants. He made a very clear statement of the practical, conservative business man's view, the substance of which was: Manufacturers and trade are necessary to the welfare of State. Under present conditions, the laborers annoy employers, and at the same time interrupt trade and industry to the injury of the State. Therefore, the State ought to take away this power of interruption from the laborers. The last speaker on the programme was the Ultramontane editor and member of the Reichstag—Stoetzel, of Essen. He presented the well-known Catholic view of the labor problem. But his address was chiefly valuable for the completeness and accuracy of the information it gave as to the actual material condition of the laborer, as well as of the whole attitude of the laborer to the labor problem.

After a morning session of six hours, Professor Brentano closed the discussion, occupying a full hour—the fifth of the evening session, which was unbroken by any recess. The fact that all listened to the closing speech with marked attention till ten o'clock at night—and that, too, without any supper—speaks well for both the interest of the discussion and the patience of the German character.

An interesting episode of the meeting was a description and defence of the English Trades-unions by Professor Munro, of Manchester. Among others well known outside of Germany who were present at the Frankfort meeting may be mentioned: Professors Cohn, von Gneist,

Neumann, and ex-Minister von Roggenbach. Professor Conrad was unavoidably prevented at the last moment from attending. The membership at present includes most of the teachers of economics in Germany, and many others, especially many of the higher officials. The fact of the membership of the latter indicates a friendly relation between the Government and the Association.

Anyone may become a member by paying the annual fee of ten marks. Members receive the publications of the Association free.

JOHN H. GRAY.

*Frankfort, October 1, 1890.*

#### ECONOMICS IN GERMAN TECHNICAL SCHOOLS.

The higher technical schools of Germany, standing on the same plane of instruction with the universities, make some provision for the study of economic subjects. A survey of the work done here will complete our view of the university work in economics in Germany, using the word university to indicate a grade of instruction rather than special institutions. As professors pass from the technical schools to the universities and *vice versa*, we may rightly consider the two as belonging to the same class. Both have the same standard for admittance, though the organization of the technical school differs somewhat from that of the university.

In accordance with its more special aims the course at the technical school is more rigid than at the university. The school is divided into various departments for architecture, chemistry, engineering in its different branches, etc.; and further, a department of general studies. The student on entering is required to choose his department of study. His freedom in the choice of lectures after entering one department is naturally limited. The authorities recommend that the student shall pursue a plan

of study which they propose, and in several instances require him to take at least a portion of it. Otherwise the student has freedom of choice, but it is evident that this will be used chiefly in reference to the general studies. Indeed in the department of general studies no special plan of study is prescribed or recommended for the students, but they have as complete liberty as in the university. In the technical schools, as in the university, attendance at lectures and exercises is voluntary, but the nature of the subjects taught, and the special ends in view, necessitate a more regular attendance than is common at the universities.

In the technical schools the instruction is based on the school year rather than on the semester. There are in each year two semesters, though with reference to the continuity of instruction they bear a closer resemblance to the terms of our American college year than to the semesters of the German university. Another point of divergence from the rules of the university is the practice of giving examinations at the close of each semester on the work of the term. A participation in this examination is not required, but students who do take a part in it may have a record made of the result if desired. Final examinations, which take place after a period of three years or longer, according to the subject, are of two kinds. The first is for the diploma of the institution certifying that the recipient is qualified to act as engineer, etc., as the case may be. The second is the State examination, which entitles those who pass to admittance into the various technical departments of the public service, as in connection with railroads, mines, etc.

While each technical school gives full credit for time spent in other schools of the same class, and is as far as possible modelled on the university system, it must be apparent to all that it is less flexible. Its interest to American readers is not so much as a possible place of study, for the student of economics finds more at the

universities, but chiefly as a part of the system. Eminent men are numbered among the instructors of these institutions, and in them a field of activity is provided for a number of scientific workers.

In the following we give a list of lectures at the various institutions of this class. The list is complete. In general the facts relate as far as possible to the academic year 1890-91, occasionally, however, to the year 1889-90. This irregularity is immaterial, as the lectures do not differ essentially from year to year. The academic year begins as a rule in the early part of October, and continues to the end of July. The interval between the first and second semesters in February or March rarely exceeds two weeks. It has not been thought necessary to reproduce in our list the names of the separate institutions, as they are all known as "Technische Hochschulen," except that of Zürich, which bears the name "Polytechnische Schule." The school at Stuttgart, which until the present year had the name "Polytechnikum," now conforms to the general rule. The list which follows has been compiled from official announcements. It explains itself very largely. At Stuttgart there is a special department for candidates for the higher positions in the railroad, postal, and telegraph service. The lectures of this department, half technical perhaps in their character, touch so closely on certain economic problems that they have been included in our list.

THE EDITORS.

GERMANY.

N. B.: In the following list the abbreviations have the following meanings: W., winter semester; S., summer semester; o., ordinary professor; e., extraordinary professor; d., docent. The Arabic numerals indicate the number of hours per week of each course.

*Aix-la-Chapelle. 1890-91.*

Prof. Dr. Laves, d.: Political Economy, W. and S., 4; Exercises in Political Economy, W. and S., 1 or 2; Elements of Civil Law, W., 2; Industrial Law, W., 1; Theory of Taxation, S., 1; Law of Buildings, etc., S., 1.

Hasenclever (special teacher): Mercantile Bookkeeping for Technical Establishments, W. and S., 1.

*Berlin. 1890-91.*

Prof. Dr. R. von Kauffmann: Political Economy and its History, W., 2; Building Law, W., 1; Practical Political Economy, with especial reference to Industry and Commerce, S., 2; Industrial Law, S., 1.

Dr. M. Meyer: Theory and Practice of Private Enterprises, W., 1; Critical History of Economic Systems since the Sixteenth Century, S., 1.

Dr. Hilse, d.: Building Law, W., 1; Industrial Law and Administration, S., 1.

*Brunswick. 1890-91.*

R. Lüderssen (Landes-oekonomie Rath): Political Economy, W., 3, and S., 2.

*Darmstadt. 1890-91.*

Prof. Dr. O. Warschauer, e.: History of Recent Communism, W., 1; Banking and Exchange, W., 1; History of Socialism, S., 1; Theory and History of Taxation, with especial reference to the German Empire, S., 1.

*Dresden. W., 1890-91.*

Prof. Dr. V. Böhmert, o.: Theoretical Political Economy, 2; Introduction to Statistics, 1; Economic Seminar, 1.

M. Lotichius (Regierungsrath): Law of Laborers in Germany and Saxony, 1; Administrative Law of Germany and Saxony, 2.

*Hanover. 1890-91.*

Prof. Dr. Schaefer, o.: Theoretical Political Economy, W. and S., 2 hours lectures, 1 recitation; Industrial or Practical Political Economy, W. and S., 2 hours lectures, 1 recitation.

*Karlsruhe. 1889-90.*

Prof. Dr. E. Gothein,<sup>1</sup> o.: General Political Economy, W., 3; Trade and Transportation, W., 2; Finance, S., 3; Economics of Agriculture, S., 2.

K. Schenkel (Ministerialrath): Constitutional and Administrative Law of Germany, W., 3; Industrial and Social Legislation, S., 2.

*Munich. 1890-91.*

Prof. Dr. F. Stieve, o.: Commercial and Economic Geography, W. and S., 2; History of Trade and Civilization, W. and S., 4.

<sup>1</sup> Now at the University of Bonn, succeeded by Prof. Bücher. See ANNALS, I. 300.

Prof. Dr. M. Haushofer, o. : Public Law of Bavaria, W., 3; Political Economy, W., 4; Finance, S., 4; General Statistics, S., 3.

*Stuttgart. 1890-91.*

Prof. Dr. Huber (Secretary of the Chamber of Commerce) : General or Theoretical Political Economy, W., 4; Transportation, Money, and Currency, S., 3.

Dr. E. Jäger, d. : Bookkeeping, W., 2; Practical Political Economy, S., 4.

Schmidhäuser (Regierungsrath) : Elements of Law and Administration, W. and S., 4.

Stehle (Finanzassessor) : Public and Administrative Law of Germany and Württemberg, W., 3, and S., 2.

Camerer (Oberfinanzrath) : Finance and Finance Law, W., 5.

Blank (Finanzrath) : Administration of Railroads, S., 2.

Hartter (Postrath) : Administration of Posts and Telegraphs, W. and S., 2.

AUSTRIA.

*Brünn. 1889-90.*

Prof. Dr. R. Ritter von Bleyleben, o. : Political Economy, W., 4½; Law of Buildings and Railroads, W., 2; Industrial and Commercial Law, S., 5.

W. Ruprich, d. : Bookkeeping, W., 3.

C. Elder von Reuber, d. : Administrative Law, W. and S., 1.

*Graz. 1889-90.*

F. Iwolf (Regierungsrath) d. : General Political Economy, W., 3; Economics of Transportation, especially Railroads, W., 1; Constitution and Statistics of the Austro-Hungarian Monarchy, S., 2; Economics of Industry and Commerce, S., 2.

E. Richter (Professor at the University) : Geography of International Trade, W., 2.

F. Hartmann (Rechnungsrath) : Commercial Bookkeeping, S., 2.

*Vienna. 1890-91.*

Prof. Dr. H. Ritter von Brachelli, o. : Austrian and Hungarian Building and Railroad Legislation, W., 2; General Comparative Statistics of European Countries, W., 3; Industrial Statistics of European Countries, S., 2; Outlines of the Public Law of Austria-Hungary, S., 3.

Prof. Dr. E. Hermann, o. : Political Economy and Finance, W. and S., 3; Technical Economics, S., 2.



- Prof. K. Hessler, e.: Political Arithmetic, W. and S., 2.  
 Prof. W. Neurath, d.: History of Social Economy, W., 2; Railroad Economics, S., 2.  
 Prof. J. Scherber, d.: Bookkeeping of Technical Enterprises, W., 4.  
 Dr. E. Blaschke, d.: Theory and Practice of Insurance for Persons, W. and S., 2.

## SWITZERLAND.

*Zürich.*<sup>1</sup> S., 1890; W., 1890-91.

Prof. A. P. Charton (Lectures in French): Industrial Economy (Part II.), S., 2; Resources and Prospects of New Countries—New Zealand, Australia, Transvaal, Brazil, etc., S., 2; Rural Economy of Switzerland, S., 1; Political Economy, lectures W., 2, recitations W., 1; Finance, lectures W., 2, recitations W., 1.

Prof. Dr. F. Meili: The Law of Railroads, W., 2.

Prof. Dr. W. Oechsli: The Swiss Democracy (Part II.), The Federal System, S., 1; The Origin of the Swiss Confederation, W., 1.

Prof. A. Petit (Lectures in French): European Colonization of Northern Africa in the Nineteenth Century, S., 1; Modern Colonial Movements, W., 2.

Prof. Dr. J. Platter: Economics of Agriculture, S., 2; Economics of Banks and Exchanges, S., 1; History of Communistic Theories and Movements, S., 3; Political Economy, lectures W., 3, recitations W., 1; Finance, lectures W., 2, recitations W., 1.

Prof. Dr. L. Stein: Socialism in the Light of Philosophy, S., 1; Continuation of the course, Modern Socialism, W., 1.

Dr. Th. Kozak:<sup>2</sup> Protection and Insurance of Laborers, S., 1; Statistics of Switzerland, S., 1.

Dr. G. H. Schmidt: Agrarian History, S., 1; Budgets and Budget Law of the most Important European Nations, S., 1; General Theory of Taxation, S., 1; History, Theory, and Practice of Statistics, W., 2; Agrarian Policy, W., 1.

## AMERICAN ECONOMIC ASSOCIATION.

THE American Economic Association held its fourth annual meeting at Washington, in the hall of the Columbian University, December 26-30, 1890. The meeting was a marked success, the attendance excellent, and the proceedings of great variety and interest. Among those present at the meeting were to be found not only the prominent economists of the Eastern colleges, including those from Harvard Institute of Technology, Wellesley, Amherst, Smith, Mt. Holyoke,

<sup>1</sup> Since the courses at the University are open to the students of the Technical School, and *vice versa*, it is evident that the opportunities for study at Zürich are more varied than would appear from the list for either institution separately.

<sup>2</sup> Called to Basle, to succeed Prof. Bücher.

Trinity, Columbia, College of City of New York, Pennsylvania, Bryn Mawr, Swarthmore, Johns Hopkins, and others; but also a number of representative Western and Southern men, such as Professor Folwell, of the University of Minnesota; Professors Howard and Warner, of the University of Nebraska; Professor H. C. Adams, of Michigan; Professor R. D. Sheppard, of Northwestern University; Professor Edward W. Bemis, of Vanderbilt University, and others. A feature of the meeting was, further, the attendance of representatives from various statistical offices, notably, Hon. Carroll D. Wright, U. S. Commissioner of Labor; Col. John S. Lord and Mr. S. M. Hotchkiss, Commissioners of Labor in the States of Illinois and Connecticut respectively, and Mr. George K. Holmes, of the Census Office—a gratifying evidence that the work of the Association is appreciated by men brought into direct contact with practical problems. The participation of women in the work of the Association was also noticeable. Prof. Marietta Kies, of Mt. Holyoke; Prof. Katherine Coman, of Wellesley, and Mrs. Helen Campbell took an active part in the meeting.

The Association was never in so prosperous a condition as at present. The number of its members and the condition of the treasury bear ample evidence of the need of the organization and the general appreciation of its work. At no time, as President Walker said in his opening address, has there been so great an interest in economic questions. However crude some of the popular books may be, they have created an interest in the subject which nothing else could have done, and thus also opened the way for increased usefulness for societies of a scientific character. Under its efficient management the American Economic Association may look forward to a future of greater service than the past.

The Council of the organization concluded to enlarge its number and the following were elected members: Prof. F. W. Blackmar, Kansas State University; Mr. R. R. Bowker, of New York; Mr. J. G. Brooks, Harvard; Prof. John R. Commons, Wesleyan University; Dr. R. P. Falkner, University of Pennsylvania; Prof. A. W. Farnam, Yale University; Prof. Henry Ferguson, Trinity College; Prof. G. P. Garrison, University of Texas; Rev. N. P. Gilman, Boston; Mr. George Gunton, New York; Prof. A. T. Hadley, Yale University; Mr. F. B. Hawley, New York; Prof. W. P. Holcomb, Swarthmore; Mr. George K. Holmes, Washington; Prof. J. C. Schwab, Yale University; Prof. R. D. Sheppard, Northwestern University; Pres. A. W. Small, Colby University; Prof. C. A. Tuttle, Amherst College; and Prof. D. C. Wells, Bowdoin College.

The President of the Association, Gen. Francis A. Walker, continues in that office for another year. No man represents better the general tendencies of American economic thought, and his continuance in the office of President since the foundation of the Association is a fitting recognition of this fact by his associates in economic work.

Prof. Richard T. Ely received the compliment of a re-election to the office of Secretary. His untiring efforts for the advancement of the interests of the Association have given him a claim to the gratitude of the body, which is only feebly expressed in his continuance in the office to which he had given so much thought and labor. There can be no doubt that in the important office of Secretary he has contributed more than any other one man to the success of the Association. The Association may well be congratulated that a man of such ability and energy is willing to perform the onerous duties of the Secretary's office.

In view of the accumulation of work in the hands of the Secretary the Council decided to relieve that officer of the care for the publications of the Association, turning that work over to a Publication Committee. The members of the committee are Professors H. C. Adams, Clark, Giddings, Seligman, and Taussig.

In respect to other offices the principle of rotation prevailed, the new officers being: First Vice-President, Prof. Charles F. Dunbar, Harvard University; Second Vice-President, Prof. William W. Fellows, University of Minnesota; Third Vice-President, Hon. Carroll D. Wright, Washington; and Treasurer, Mr. F. B. Hawley, New York.

The varied character of the proceedings can be seen from the list of papers and discussions which formed the programme, some of which, however, were only read by title owing to press of time. The full programme is given below. The order of papers as given in the programme was not strictly observed.

#### FIRST DAY—Friday, December 26th.

*Afternoon Session, 3 o'clock.*—From the Committee on Economic Theory, Professor J. B. Clark, Chairman.

1. "The Concepts of Utility, Value, and Cost," by Professor F. H. Giddings.
2. "The Term Wealth in Economic Science. A Study in Economic Theory," by Prof. Charles A. Tuttle.
3. "The Ethical Principle in Industrial Relations," by Miss Marietta Kies.
4. Report of the Committee, by Professor J. B. Clark.

*Evening Session, 8 o'clock.*—Address by President Francis A. Walker.

#### SECOND DAY—Saturday, December 27th.

*Morning Session, 10 o'clock.*—From the Committee on Transportation, Professor Edmund J. James, Chairman.

1. "A Contribution to the Theory of Railroad Rates," by Professor F. W. Taussig.
2. "The Relative Cost of Water and Rail Transportation," by Hon. George H. Ely.
3. "The Relation of Railroad Passenger Traffic to Freight Traffic." A part of the Report of the Committee, by Professor Edmund J. James.

*Evening Session, 8 o'clock.*—From the Committee on Statistics, Hon. Carroll D. Wright, Chairman.

1. Report of the Committee, by Hon. Carroll D. Wright.
2. "Street Railway Statistics," by Charles H. Cooley, Esq.
3. "Statistics as a Means of Correcting Corporate Abuses," by Professor Henry C. Adams.

THIRD DAY—Monday, December 29th.

*Morning Session, 10 o'clock.*—1. "The Incidence of Local Taxation," by Professor Edwin R. A. Seligman.

2. "Direct Taxation as a Source of Early Federal Revenue," by Dr. Roland P. Falkner.

3. "Crooked Taxation," by Hon. T. G. Shearman.

*Afternoon Session, 3 o'clock.*—1. "The Educational Value of Political Economy." A part of the Report of the Committee on Teaching Political Economy. By Professor Simon N. Patten, Chairman.

2. "A Syllabus of Public Economy," by Professor William W. Folwell.

3. "Land-transfer Reform; The Torrens System of Land Registration," by Professor J. W. Jenks.

4. "The Third, *i. e.*, The Social Revolution," by Professor E. P. Cheyney.

FOURTH DAY—Tuesday, December 30th.

*Morning Session, 10 o'clock.*—1. From the Committee on Technical Education, President F. A. Walker, Chairman.

Discussion on Industrial and Technical Education; opened by President Francis A. Walker, who will present the South Kensington view, followed by Professor Simon N. Patten, who will speak from the standpoint of Consumption; Dr. Nicholas Murray Butler, who will speak from the standpoint of General Education, and Professor James MacAlister, who will speak of its Easy Adaptation to School Curriculum and Management.

2. "Limits of Publicity," by Professor Davis R. Dewey.

3. "The Municipal Ownership of Gas Works in the United States," by Professor Edward W. Bemis.

*Afternoon Session, 3 o'clock.*—1. "The Growth and Economic Value of Building and Loan Associations," by Hon. Seymour Dexter.

2. "The Tailoring Trade and the Sweating System," by Miss Katherine Coman.

3. "Girls' Boarding Homes," by Robert Stein, Esq.

4. Secretary's Report.

*Evening Session, 8 o'clock.*—Held jointly by the American Economic Association and the American Forestry Association, at the National Museum.

1. "The Duty of Government in Regard to Forests," by Professor Edmund J. James.

2. "The Present Condition of Forests on the Public Lands," by Edward D. Bowers, Esq.

3. "Government Forestry Abroad," by Gifford Pinchot, Esq.

4. "The Feasibility of American Forest Administration," by B. E. Fernow, Esq., Chief of Forestry Division, Department of Agriculture.